

# The Management Review

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«Books of the Month»

**MARCH, 1951**

## Among the Features

*Why Follow the Leader?*

*Wanted: A New Name for "Capitalism"*

*Should We Pay as We Go?*

*Planned Office Production Raises Efficiency*

*Controlling Clerical Costs*

*Handling Women Workers*

*The Arbitrator: Mediator or Judge?*

*New Approach to Retirement Problem  
Needed*

*Preventive Maintenance Cuts Costs*

*Customer Relations in a Defense Economy*

*Executive Compensation and Pensions*

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M. J. DOOHER, *Editor*; VIVIENNE MARQUIS, *Associate Editor*

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# The Management Review

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MARCH, 1951

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## General Management

### Why Follow the Leader?

EDWARD C. SCHLEH\*

**L**et's play follow the leader!" That's what many of us do. This tendency becomes especially pronounced as our industries grow larger and more complex. The fact that so much knowledge seems available on every subject serves to increase our inertia. Because of the difficulty in analyzing all this knowledge, we tend to follow someone else's lead. The analytical questioning attitude that has made industry virile and progressive in the past goes by the board.

How often have we heard the question, "What's ABC Company doing about this problem?"—instead of, "What should we get out of this particular procedure?" How often do we ask, "Do a majority of companies do this?" and jump on the bandwagon when the answer is "Yes"—instead of, "What results did the companies get out of this method, and how can it be done better?"

Sometimes, following this approach, we take the attitude, "What are other firms *our size* or in *our industry* doing about this?"—instead of, "What results has any other firm had on this problem? What did it cost?"

At other times, we take the attitude, "What do the five biggest companies do?" If we check, we may find that they, in turn, had asked a very similar question in setting up their methods. They often have no gauge of results for their method. In fact, we may very well discover that the firms that

do have such a gauge are changing their plans radically.

Data as to progress, new ideas, and better policies in other firms are very helpful in arriving at some decisions. But using such data or statistical trends blindly in place of sound analysis almost always results in mediocre but expensive operation. Different conditions in our company may require a different approach.

It is faulty logic to infer that the practice or policy of the majority is always the *best* practice or policy, that what 51 per cent do is sounder than what the remaining 49 per cent do. (Indeed, many predominant methods and policies doubtless owe much of their popularity to "follow-the-leaderism"—to unthinking adherence to the findings of statistical surveys—rather than to their intrinsic soundness.)

How should we approach problems in our company? How can we best solve them? The best solutions come from a simple four-point program:

1. Define the objectives.
2. Define the rules or limits to be followed in meeting these objectives.
3. Develop and install the policy or method.
4. Follow up, check on, and improve the policy or method.

#### DEFINE OBJECTIVES

How do we decide on our objectives? Sit down and ask, "What are the problems?" "What is our goal?"

\* Management Consultant, Minneapolis, Minn.



Let's not think about methods at this point.

For instance, because of the sales margins, type of sales, etc., in your company, a sound analysis of your credit problems might result in this objective for your credit department: "That credit should be allowed up to the point where losses do not exceed 3 per cent of the sales dollar." The fact that a number of other firms that you know of require an "A" rating of their customers probably wouldn't help you arrive at your objective. Actually, accepting orders from companies with "B" ratings may still keep you below 3 per cent and permit an increased sales volume.

You find that 52 per cent of the companies like yours do not use job evaluation. How does that help you set objectives of your wage plan? At one time 99 per cent of all firms used no job evaluation. What did that prove in deciding what's expected of wage plans?

Many companies are now using organization charts, and charts alone. Does this tell you what you should accomplish by defining your organization? The fact that many firms have charts "hidden" in executive's desks and no job-write-ups clearly indicates how much thought went into the objectives of their organization planning. Look at all the overlap, all the blind spots, in those companies and ask, "Should we follow a similar course?"

In almost every instance, *detailed* information on the objectives (if any) set up by other companies may help you in making sure you've covered all possible objectives. Such knowledge is a help in this way but should be used only as a stimulant to the solid thinking-out that's necessary.

#### DEFINE THE RULES OR LIMITS

Suppose we've defined our objectives in meeting a problem. How do we go about setting up rules or limits

by which the method would work? What must restrict the method so it fits into our company, e.g., what may be the total cost, who shall be responsible, line or staff function, no paper-work, etc.? These are very personal matters within each company. You must decide them by the way *your own company operates*.

Suppose you're putting in a new stenographic pool. Does the fact that some other company followed the rule that all executives must use the pool mean that you can? Does the fact that several companies used only transcribing machines mean that this is best in your company?

A study shows you that in several plants employees do not help evaluate jobs. Is this rule, therefore, best in your plant? What is the tenor of employee relations? Perhaps your employees will not accept the plan unless they participate.

You find out that several firms set aside 2 per cent of the sales dollar for product research. Is this rule consistent with your objectives? With your profit margins?

You discover that 20 firms in your field follow the rule of using jobbers exclusively. Does that mean that you should? Perhaps two firms have changed to direct selling with higher sales as the result. What fits in with your objectives?

Yes, first ask: "What are our objectives?", then, "What rules should be followed in the method we choose?" And these rules may best be developed through studying our own setup, instead of following summaries of methods of other companies.

#### DEVELOP AND INSTALL THE POLICY OR METHOD

When we've gone this far, we're ready to work on the policy or method. In doing this, it's very helpful to know how other firms did it. We may get many good tips. But remember, many

changes may be necessary to make a policy or method fit the objectives and rules within which we must work.

Suppose 20 out of 35 firms set up executive pay plans with profit-sharing bonuses at the end of the year. This information is very helpful from a competitive viewpoint. But does this pay method promise the particular results your company wants from a pay plan? Ask some of the 20 exactly what they get out of their plans and you might be surprised at the guesswork in their answers.

One company finds that it is "behind the times" because it doesn't use automatic equipment for accounting work. Most of the companies in the area do. This may suggest careful investigation of the method. Ask yourself in addition, though, "Does automatic equipment give us the results we want as cheaply, or cheaper?" "Should a different non-automatic plan be considered?" Answers will vary with the firm.

The sales department finds out that several companies have placed warehouses nearer the market instead of near the plant. Does that mean that you should follow this method? Is your traffic cost, volume, geographical distribution of sales, sales fluctuation, etc., such that this meets your objectives best?

Your sales department comes across a competitor who offers all kinds of special free services on small orders despite the high costs. Examine your sales objectives and principles that apply. You may find a cheaper way to meet this competition than simply to copy it.

So, examine any method or policy critically in the light of the objectives and principles you have set up. By all means find out what others have done, but *don't necessarily copy them*. What fits another company may not fit yours at all.

#### FOLLOW UP TO IMPROVE THE POLICY OR METHOD

Perhaps the most detrimental effect of "follow-the-leaderism" is the tendency to eliminate the follow-up or check. After setting up objectives and principles, let's see if the method meets them satisfactorily. Does it cost too much for what we get? *No report on other companies will tell this*. We require an "actionalysis" of our own method.

No matter how good the budget plan might be that you copy from someone else, the proof of the plan is still in the results you get. Does it meet the objectives you have set up? Could it be simplified with the same results?

If you decided to take a "flyer" at radio or TV advertising primarily because other firms like yours did, at least make a careful follow-up to see if the results justify the expense. It's easy to say, "Well, we got a lot of good will." But did you meet the objectives you set up?

You hear that many companies like yours are hiring PhD's for research. So you hire some. At least check every few years to see if this is giving you more results for the money.

"Everybody," you are told, agrees that a supervisor can supervise 20 people. If your company adopts this principle, by all means check back to see if the change resulted in better operation at lower costs.

We all tend to forget the check-back. Through this oversight, we miss the chances to make a method better by improving, simplifying, or adding. Often we too quickly assume that something is either all black or all white. Often we get one or two subjective testimonials for or against a method from people in the company and judge it from them entirely. We must always go back to a careful ap-

praisal based on the objectives and principles we originally set up.

These are just a few of the many criticisms that could be made of "follow-the-leaderism." Carried to its ultimate as a management policy, it could well be the essence of mediocrity. Surveys of current methods and trends are very useful, and, in fact, often necessary. But they are never a substitute for, merely a complement to, the basic

thinking on objectives, principles, method, and follow-up. When we avoid being a straight "51 per cent thinker" and use the above four-step method on all our problems, we can say with Rudyard Kipling:

*They copied all they could follow  
But they couldn't copy my mind  
And I left them sweating and  
stealing  
And a year and a half behind.*

### **Gold from Silver Tongues**

TALK is golden in the United States where more people spend more money each year to hear other people speak than anywhere else in the articulate world. There are somewhere between 2,500 and 3,000 touring lecturers and an incalculable number of local ones. The best guess is that they gross something like \$10,000,000 a year.

The lecture business was organized in 1867 by James B. Redpath, journalist and ardent anti-slavery man. One of the most successful of the early lecturers booked by him and managed by Major James B. Pond was a Mrs. Brigham Young, the only one of 27 wives to be divorced. She revealed the secrets of polygamy so dramatically that her earnings at the end of the 1873 season were \$20,000.

Professional lecturers today get fees ranging from \$150 to \$1,500. Only a few rate the latter figure, the backbone of the industry being those in the \$300 to \$400 bracket with the average fee between \$250 and \$300. Managers who peddle talks usually get between 25 and 35 per cent of their lecturers' fees—sometimes as high as 50 per cent if they assume extra expenses.

—M. R. WERNER in *Nation's Business* (as summarized in *Executives' Digest*)

### **Courtesy to Visitors**

THE DATE WAS SET for 10 o'clock. Mr. Smith, salesman for Acme Products, arrived early. At 10:10 a trim secretary came out to assure Mr. Smith that Mr. Adams would be with him shortly. Mr. Smith had skimmed through three magazines before Mr. Adams appeared—at 10:30.

At this moment, how many men are sitting in reception rooms, waiting for other Mr. Adamses? How many business hours are wasted daily in this way? Suppose all this lost manpower could be put to work at something, somehow? Think of the extra capacity for productive work we would be able to use!

Interviewing visitors promptly isn't always easy. But at National Metal Edge Box Co., we've hit on a method which works well. Every caller is greeted by a neatly lettered card which reads: "Metal Edge extends a friendly welcome to visitors. You have something to offer us and we are anxious to know about it. It is our intention to interview you promptly, and if we do not, please ask the information clerk to remind us."

In effect, we let our visitors keep us in line.

—*Metal Edge Packager* (National Metal Edge Box Co., Philadelphia 2, Penna.), Vol. 20, No. 1

## How Big Is an Inch?

**T**HERE IS one remarkable phenomenon in American life which we all take too much for granted. It is this: We send a 15½-34 shirt as a present from Iowa and are perfectly confident that it will fit the neck and arms that grew to size in Virginia. We drive an automobile from coast to coast under uniform traffic signals. In Chicago we buy a tire that was made in Akron, and it will fit the wheel (made in Pittsburgh) of the car (built in Detroit) that we bought in New York.

This simplification and workable interchangeability of parts and practices is known as standardization. The fact that we have a high degree of standardization has made life simpler for us in ways so basic and so obvious that we do not even realize they exist. It has given us the free national market which we take so casually. To the American consumer, it has given lower prices and better quality, more safety, greater availability, prompter exchange and repair service, and all the other material advantages of mass production. Is this something to be taken for granted?

Standardization is economically and socially desirable at any time, but in time of war it becomes a requisite for survival. Today there is grave danger that the intensified pressures of preparation for war will cause war standards to be handed down by dictate. There is danger that the government will not only take over full powers in standards activities but will fail to

relinquish them when the emergency ends.

Now the Federal Government has an important role to play in the writing of our standards. Historically, the Federal Government has an admirable record in formulating standards, in supporting the principles of standardization, and in promoting their knowledge and use, particularly in the field of health and safety.

So much is granted. Standards, however, are built into the very structure of American industry. They are the controls that management employs to direct smooth company operation. The standards a manufacturer uses in operating his plant, the control of the quality of his product, the specifications under which he sells that product—all these are fundamental functions of business management. Thus if you control an industry's standards, you control that industry lock, stock, and ledger. On the day that standards become a governmental responsibility, as is now being threatened, the government will take a long step toward control of American industry.

Setting standards for American products is not work for the master planner. Creative dynamic standards are not composed on the higher levels and handed down by decree and proclamation. They are formulated by the voluntary agreement of all groups concerned. They must be worked out by the people themselves.

—SENATOR RALPH E. FLANDERS. *Atlantic Monthly*, January, 1951.

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IN THIS highly technological age, industrial research has become a necessity, not an intellectual luxury. Since 1930, the number of United States research laboratories has multiplied eight-fold; some 2,500 of them now employ over 150,000 working scientists and technicians. From \$166,000,000 spent in 1930, research outlays have zoomed to over \$1,000,000,000 annually.

—MORTON M. HUNT in *Steelways* 1/51

## Labor's Partnership in Industrial Enterprise

**W**HILE the economic, political, and social progress of American organized labor continues to command attention, the far-reaching implications of labor's rise as a financial power have been neglected.

A careful evaluation of labor's financial resources permits us to estimate the assets of all parent and local unions at approximately three billion dollars. By far the largest part of these funds, aside from the cash requirements of regular functions, is invested in federal, state, and municipal securities and bonds. Investments in industrial stocks and corporate securities are virtually non-existent. In general, considerations of safety rather than a realistic appraisal of the higher returns to be obtained from investments in industry seem to determine union investment policies.

Substantial as the aforementioned union assets are, they represent but a small part of the resources within the reach of the labor movement. Each year, union funds are increased by billions of dollars from pension levies,

the main burden of which is borne by industry and, in the last analysis, by the public. This plethora of money threatens grave dangers to the national economy, as well as to labor itself. It must be put to work so that organized labor can become a cornerstone of industrial financing rather than remain wedded to outworn investment concepts. The reluctance of union leaders to invest this capital in industry is particularly unwarranted in view of the regulations of the Securities and Exchange Commission as well as the protection offered by the "open-end" investment company, better known as the "Mutual Fund."

Organized labor should and must interest itself in the future of industry and take over, under special safeguards, new investment responsibilities. When union capital is made increasingly available to industry, America can be made a nation of investors and small capitalists. American business can be "everybody's business" if the labor unions will it.

—From a survey report by ALEXANDER LIPSETT, published by F. L. Carlisle, Inc., 50 Broadway, New York 4, N. Y.

### How to Solve Your Business Problems

ONE EXECUTIVE who seems never to be stumped by any of his problems offers these suggestions to management:

1. Crystallize the problem so it can be clearly expressed in a simple statement or question.
2. Organize all pertinent facts and figures to get at the *reality* of the problem.
3. Call together all who might help solve the problem and present all the facts to them, without bias, and without suggesting your own possible solution.
4. Ask each person to outline his suggestions, withholding your objections. Throw the subject open for general discussion keeping it to the point but letting it run as long as anyone has anything of value to contribute.
5. Arrive at a decision if possible; if not, consign the problem for further study and set the time for a later meeting.
6. Meanwhile, don't worry, for worry aggravates problems, making them harder to solve.

—*Management Briefs* (Rogers & Slade)



## A Challenge in Human Relations

**T**ODAY's challenge to management is essentially the same challenge in human relations that troubles most of the world. At the very root of this challenge is the question: What satisfies human beings? What does it take today to make it possible for them to work harmoniously together for the better life, instead of fighting?

A partial answer is, it takes an underlying faith in the spiritual nature of man, in his divine right to the dignity of individuality, and in his struggle, often despite his own perversity, to achieve a nobler life. Such faith generally stems from religion. No organization of society—whether it be a nation or an industrial plant—can succeed, which sacrifices this fundamental on the altar of materialism.

We know we can provide the good things of life, year after year after year. It is technically possible. We have developed the skills, the machines, the methods to do it.

What we have not correspondingly developed is the ability to translate these accomplishments and possibilities into a happier way of life. And the reason we haven't is that we don't yet appreciate the tremendous importance of the spiritual and human factors.

The great majority of us certainly agree with Vannevar Bush, who says, in his *Modern Arms and Free Men*, that politically a democratic system is far stronger than any dictatorship in dealing with the intricate maze of affairs that the applications of science have so greatly elaborated. But how many of us will go along with Kenneth Andrews, who, commenting on Dr. Bush's book in the *Harvard Business Review*, suggests that thoughtful business men might question along similar lines the smaller societies they preside over as executives? "Is my company an association of free men whose individuality is preserved? To what degree? Are the advantages of free-

dom being attained under my leadership? Does regimentation for short-run efficiency take the place of freedom for long-run survival? Do my opinions that political democracy is 'good' in politics but 'soft-headed' in industry need re-examination?" These are spiritual and moral problems with which every thoughtful executive must cope if he is to maintain his integrity and self-respect.

We must face the fact that the industrial revolution has developed a contradiction between our political and social life, on the one hand, and our industrial and business life, on the other. The average individual today spends about eight hours of his day exercising his rights and responsibilities as a free citizen in a democracy. But during his eight hours on the job he lives in an authoritarian world. His ability to function as a free individual is frustrated both by imposed leaders and by the transfer of skill and responsibility to a handful of technicians. The results of this contradictory life are obvious—class-consciousness, aggressive dispute, regressive apathy.

Industry must remain basically authoritarian—at least for a long time to come. But that admission still leaves a lot of room for exploring the areas which can be made more democratic and individually satisfying.

At Pitney-Bowes we have established a program that is working well—employee consultation. Through this plan, elected employee deputies meet once a month with management appointees on every level throughout the plant and offices to discuss every phase of the business, including productivity, work methods, and working conditions. Thus management learns how the employees feel, and why they feel that way. At the same time, management is able to share its problems with the people whose cooperation is required to solve them. This employee partici-

pation in management's decision-making function—at least in an advisory capacity—helps overcome one of the chief psychological vacuums in the modern industrial organization. Once again, it is possible to educate by participation. The only way employees become responsible is by helping make decisions and taking the responsibility for them. As they do this, they learn something of the function of management. Most employees have only the vaguest notion about what management does. Not knowing, they are often resentful and irrational in their behavior to management.

Good human relations are a satisfying end in themselves. They concern the decent, right way to live. They concern our morals more than our pocketbooks. You can't separate Christian ethics from human relations. As a recent study by the National Council of Churches of Christ in the United States points out, "... No man has a moral right to act without the acceptance of restraint where the interests of other people are involved, whether in regard to the property he owns, the vocation he follows, the money he spends, or any other decision he makes."

—From an address by WALTER H. WHEELER, JR. (President, Pitney-Bowes, Inc., Stamford, Conn.) before the Thirty-Second Silver Bay Conference on Human Relations in Industry.

### **How to Size People Up**

WRONG OPINIONS about the abilities or interests of others make trouble in personal life and in business. More and more business leaders are now making an effort to come closer to the mark in sizing up people. Some companies are giving executives, supervisors, and employment interviewers training so they can judge people better. This reduces labor turnover and boosts production. Here are some rules to guide you:

Look for details and disregard general impressions. Our natural inclination to like or dislike a person on first meeting twists our judgment of his potentialities. The preventive for this source of error is to form the habit of looking for strengths in the person you dislike at first, and for weaknesses in those to whom you feel attracted. Otherwise the halo of the general impression will mislead you greatly. Take time to form your judgment. People can seldom be sized up fully on sight, for we don't show all our traits at once. Give more attention to what a person has done than to his appearance. People may be beautiful and dumb, and again they may be homely and brainy. A person's past behavior is a good indicator of what he will likely do in the future.

—DONALD A. LAIRD in *Banking* (as summarized in *Executives' Digest*)

#### **28th ANNUAL GENERAL MANAGEMENT CONFERENCE**

*The 28th Annual General Management Conference of the American Management Association will be held on Thursday and Friday, June 7-8, 1951, at The Waldorf-Astoria, New York City.*

## Wanted: A New Name for "Capitalism"

**T**HE redefinition of just one word could help change history. Finding a new term to express a new idea could be a decisive factor in checking the world spread of Communism. This is the report that comes back again and again from men and women who are engaged in the struggle of ideas between the free world and the Soviets. The word is "Capitalism."

It is the term used over and over by the Soviets as a smear word to describe our side; and, so far as that goes, Americans generally use it themselves when they try to describe their economic system. But in fact, and on both sides of the Iron Curtain, it is a misleading word because, when applied to America, it no longer fits the system it pretends to describe.

What is worse, to many people it carries negative overtones of old errors and old abuses. In no way does it imply the positive, dynamic, expanding system of today, constantly changing, but always moving toward one goal—to create more goods and greater well-being for more people.

To understand the problem, let's look back a bit. The word Capitalism came into being well over 100 years ago in the early days of the industrial revolution. At that time the basis of wealth shifted from land to money (that is, capital) invested in industrial and commercial ventures. Admittedly, during those years there were many abuses, errors, and mistakes. There is no denying that Capitalism's primitive period contains many dark chapters of worker exploitation at home, and colonial expansion abroad.

But anyone who has eyes and looks around him knows how conditions today differ from those of 50 or 100 years ago.

Most of us in America know what our "New Capitalism" is producing for us and what it can produce anywhere if given a fair chance. But hundreds of millions of people throughout the world don't know this. We must find some way to make clear in their minds the distinction between our system and the Capitalism of the past, and between our system and Capitalism as it is practiced in some other parts of the world. Unfortunately, there are still areas where Capitalism operates in the old, primitive way, and a Capitalist is regarded as a member of a privileged upper group who dodges taxes, exploits his workers, and overcharges his customers.

A new name for our system would help make the distinctions clear. It would revive hope among the underprivileged. And at the same time it would be a spur toward more enlightened action by old-fashioned Capitalists wherever they may be.

How shall we describe this system—imperfect, but always improving, and always capable of further improvement—where men move forward freely together, working together, building together, producing always more and more, and sharing together the rewards of their increased production? We need a new name to describe the new, expanding, and ever-self-renewing system. What shall it be?

—WILLIAM I. NICHOLS. *This Week*, March 4, 1951, p. 7:3.

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AN old-age pension of three cases of champagne per man per year has been demanded by a group of Bordeaux bottlers in France.

—PIRA-Scope (Personnel and Industrial Relations Association, Los Angeles)

## **Forums Show Educators What Makes a Company Tick**

OFF-HEARD GRIPE FROM BUSINESS MEN is that colleges and universities training future executives don't know the first thing about the problems of running a company. Goodyear Rubber Co. has done more than let off steam on this subject; it has run a few industrial relations forums to give educators from nearby institutions a first-hand glimpse into what makes a corporation tick and to get their criticisms of Goodyear.

The most recent forum lasted nine days. During the first three days, the visiting professors heard department heads describe their activities. During the discussion periods after each presentation, company executives answered questions frankly. The visitors were never outnumbered by Goodyear men. On the fourth day, the guests visited the union offices. Company men stayed away to give the visitors a chance to talk to union officials without restraint. Later, the professors toured the factory. After the weekend recess, they spent three days on their own, making investigations and talking to any member of management, any worker, or union representative they wished to see.

On the last day, the professors gave a full report to the chairman of the board and other executives. The reports were printed and copies given each department concerned. Any flaws uncovered by the visitors were corrected promptly.

—*Executive's Labor Letter* (National Foremen's Institute, Inc.) 1/13/51

## **A Program for Voluntary Protection of Technical Information**

THE SECRETARY OF COMMERCE has provided a service to help business men and the general public guard voluntarily against the harmful release of technical information, even though it is not subject to formal security restrictions.

The Office of Technical Services of the U. S. Department of Commerce will receive requests for advice as to whether specific technical data should be disclosed, withheld, or given limited distribution. OTS will obtain expert opinions from the interested departments and agencies of the government and inform the inquirer accordingly.

As an industrialist, business man, scientist, public official, or private citizen, you are invited to use this service whenever you question whether technical information in your possession should be disclosed. It is then entirely up to you whether or not you act on the government's advice.

The program of voluntary protection is not primarily concerned with information which is "classified" as restricted, confidential, secret, or top secret by the U. S. Government. It is primarily concerned with unclassified technical information and industrial and commercial information of a technological nature. Information falling within the scope of the program includes unclassified technical data on: advanced industrial developments; production "know-how" and technology; strategic equipment; special installations.

Requests for advice concerning the release of technical information, together with pertinent manuscripts, plans, or documents, if they are available, should be addressed to: Office of Technical Services, U. S. Department of Commerce, Washington 25, D. C.

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GROUP INSURANCE PLANS have contributed greatly to improved employee morale and more harmonious employer-employee relations by providing employees with a sense of security and freedom from worry. So say the spokesmen for over three-fifths of the 219 companies surveyed recently by the Conference Board.

## Should We Pay as We Go?

It is desirable to bear in mind that the *real costs* of defense cannot be postponed—at least to an appreciable extent. The real costs of the defense program are the expenditures of time and effort of the men under arms and the labor and materials used in building planes, tanks, guns, and ships and in providing other military supplies. The basic fact that the real costs of defense must be met on a pay-as-we-go basis is not altered by the methods of financing defense.

President Truman's proposal to maintain a balanced budget and to finance the cost of national defense on a "pay-as-you-go" basis is also advocated by leading business organizations and by influential industrial leaders. This policy would bring the yield of federal taxes to about 23 per cent of the expected net national income, compared to 18 per cent in 1944 and 1945. Undoubtedly a Federal budget of \$70 billion *could be* financed on a pay-as-you-go basis. But this would not be the best way of financing the defense program.

The pay-as-you-go policy is usually advocated on the ground that it is needed to prevent inflation. Some taxes that would yield large revenues would also tend to raise prices. Other taxes would weaken incentives to produce and, in the long run, would limit the supply of investment-seeking funds. Some of the tax changes that would not be inflationary or weaken incentives are unattractive politically. In view of these facts, taxes should be raised to cover the long-run increase in defense expenditures, but the temporary bulge in expenditures during the next two or three years should be met by anti-inflationary borrowing. Such borrowing will reduce the tendency of personal incomes after taxes to outrun the supply of consumer goods.

Let us examine the reasons for these conclusions.

It seems clear that paying as we go, even if it is supplemented by strict credit controls, will not prevent inflation. In the first place, the policy does not prevent powerful trade unions from forcing up wages and thus making compensating price increases necessary. In the second place, personal income taxes are the only kind of taxes that would keep incomes from outrunning the supply of consumer goods. Other taxes, such as stiff taxes on corporation profits, would encourage corporations to raise prices and make price control more difficult. Likewise, a stiff sales tax would increase prices and, in addition, would stimulate demands for wage advances. In the third place, the pay-as-we-go policy does not prevent individuals or business enterprises from bidding up the prices of scarce goods by drawing on their large holdings of cash and bank deposits or by selling part of their large holdings of government securities.

Unfortunately most of the taxes, such as the personal income tax, that are best at limiting inflation are most likely to weaken incentives and to retard the accumulation of capital. It is difficult to say at just what point the government's take becomes so high that it discourages men from working harder. Undoubtedly when the government begins to take as much as half, the tax rate is getting close to the danger point.

As for the willingness to invest, the effect of the present income tax varies with the type of investor. A high income tax probably does not make most persons less willing to invest in homes or in their own enterprises. But the willingness of the well-to-do to invest in risky ventures is reduced because the present law permits very



inadequate offsets for losses and, in the case of the well-to-do, takes a big slice of the income from successful ventures.

Higher taxes could probably be imposed on corporate incomes without weakening the incentive of managements to be efficient. But higher corporate income taxes, combined with price ceilings, would reduce the ability of corporations to finance increases in plant and equipment out of earnings. Corporations would be led to finance outlays on plant and equipment by inflationary methods, either by borrowing from banks or by selling some of their government securities.

The best single change in taxes is one that has little political appeal, namely, lower exemptions in the personal income tax. Smaller exemptions would make taxable large amounts of income that now pay no income tax. Indeed, either through exemptions or deductions, about 60 per cent of all personal income is not subject to the income tax. This measure is anti-inflationary, does not weaken incentives, and has little effect on the volume of investment-seeking funds. It would, however, fall far short of yielding the needed money. But an increase in rates on the first \$10,000 in income would be regrettable. Although persons in these income brackets are not important buyers of securities, they should be encouraged to put savings into securities as well as into houses, owner-operated businesses, and life insurance.

Increases in the kinds of taxes that

—SUMNER H. SLICHTER in *The New York Times Magazine*, February 4, 1951.

are inflationary, that weaken incentives, or that retard growth should be made only with great moderation, if at all. Consequently, taxes should be supplemented by anti-inflationary types of borrowing, especially borrowing from current personal incomes. Persuading someone to buy a government bond out of income is just as anti-inflationary as collecting a personal income tax from him. In either case the individual has less money to spend and therefore the tendency for personal incomes after taxes to outrun the supply of consumer goods is offset. Anti-inflationary borrowing is a good way of meeting a substantial part of the temporary bulge in defense expenditures during the next two or three years. An important advantage of borrowing is that it is flexible—it can be quickly stopped when defense expenditures drop. Many people oppose borrowing because they fear an increase in the debt burden. Even if the federal debt were to increase by \$15 billion a year so that it was about \$290 billion two years hence, it would be smaller in relation to the net national product than it is today.

Some people are against borrowing because they do not believe that individuals will buy government bonds in substantial amounts at this time. Consequently, the protection of the community against inflation requires that the would-be buyer of commodities, real estate, or stocks be offered government securities that are no less attractive than these alleged inflation hedges.

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EVERY BABY born today in the United States starts life owing \$1,865. That figure represents its per capita share of the \$281,000,000,000 debt owed by federal, state and local governments. (No wonder their first reaction is a wail—wouldn't you!)

—PIRA-Scope (Personnel and Industrial Relations Association, Los Angeles)

## Office Management

### Alert Office Management in World War 2.5

**T**HE EFFECTS of the expanded national defense program, during the crisis that has been aptly termed World War 2.5, are gradually being felt in first one and then another sector of our business economy. What are some of the changes in the conditions under which the office probably will have to operate during the months ahead?

There will be increased workloads—and fewer resources with which to do the increased work. Production jobs which pay higher than office jobs will call white-collar workers into production activities. This will mean not only shortages in numbers of office workers but possibly some reductions in the level of experience of the white-collar labor force.

There will be shortages in office equipment. It will become most difficult to get early deliveries on some kinds of office equipment as we switch from production of office machines to production of weapons. Some types of office equipment may not be procurable at all.

What can be done to prepare for what lies ahead and to meet these situations as they arise? The most important thing that can be done by way of meeting the manpower problem is to make sure that salary schedules are all they should be—or can be—under

the circumstances. All the kinds of office positions should be evaluated in relation to each other to make certain that there are no glaring pay inequities. What is probably even more important, office positions can be evaluated in relation to positions outside the office on the basis of the relative importance of the work and in relation to what is being paid by other establishments.

If the quality of the white-collar labor force is likely to decline, then training courses will be useful in many instances. Office managers who are ready to operate on-the-job training programs on a continuous basis are the ones who are likely to find themselves in relatively enviable circumstances when the manpower shortages become critical.

Several things can be done by way of increasing office equipment utilization. For example, a program of preventive maintenance can be instituted. Also vital, plan the introduction of equipment, or the replacement of equipment, well in advance. Failure to plan far enough ahead in this respect is almost certain to bring operating problems that otherwise would not have arisen. The possibilities of substituting one type of equipment for another should not be overlooked.

—E. O. GRIFFENHAGEN. *The Office*, January, 1951, p. 74:3.

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MORE THAN 80 million United States workers had Social Security wage credits to their account at the end of 1949. Total benefits certified in the year were \$689 million—\$455 million for monthly retirement payments; \$201 million for survivor's provisions; and \$33 million for lump sum death benefits.

—*Life Insurance Fact Book: 1950* (Institute of Life Insurance, 488 Madison Ave., New York 23, N. Y.)

## Safeguarding Your Records Against Atomic Attack

**A** SOUND records protection program will pay off today—even if there is never an A-bomb attack—by giving you better protection against ordinary peacetime hazards, such as fire.

The initial step in setting up a records protection program is: Make a records inventory. This will help the setting up of record retention schedules and disposal tables. It uncovers duplication among record files. To get maximum use from the inventory, set up the form to show: (a) Title. (b) Description—in concrete terms so that one type of record can't be confused with another. (c) Quantity. (d) Location. (e) Why the record is used and who uses it. (f) How filed.

Next, classify records according to their importance in reconstructing the business. Centralize responsibility in someone in top management. He should consult with department heads on the records which concern them, but should have final authority in the matter. Your records manager should sort records into these four categories:

1. *Vital* for continuing your business. They supply the data necessary to collect any money owed you which can be used to restore and replace damaged facilities and information you need to resume operations without delay.
2. *Important*. Can be reproduced, but only with considerable expense and delay.
3. *Useful*. Can be fairly readily replaced.

—From *Your Business and the A-Bomb*. Research Institute of America, Inc., 292 Madison Avenue, New York 17, N. Y. 25 pages.

4. *Unnecessary*. Those kept because there has been no plan for disposal of them.

How safe are your records storage facilities? Most vaults will give good protection against blast or fire even if they are above ground. Many companies today are turning to out-of-town storage facilities. If you have branch offices in other cities, check to see how many of your vital records can be reconstructed from material customarily filed at the branch. Moreover, many banks and warehouses outside target areas will rent storage facilities at reasonable charges. Arrangements can be made to send records by mail or express and have employees of the bank or warehouse pick them up and put them in storage.

If other available facilities don't fill the bill, you may want to establish your own records center. Larger companies can probably arrange with other firms in the area to operate a joint depository and share costs if volume isn't large enough to warrant a solo operation. In Britain, small companies often found they got adequate results by simply storing key records in the garages of staff personnel who lived in the suburbs or country.

Points to consider in deciding the adequacy of any proposed storage spot include: Accessibility, adequacy of protection afforded, space for expansion, facilities for examination.

**ANTI-NOISE CAMPAIGN:** A recent experiment by an expert in office management revealed that the constant noise during a normal day greatly affects the efficiency of office workers. In one factory, where the office works close to the pounding of machines, the clerical staff was supposed to be so accustomed to the steady din that they "never noticed it." The expert, however, had other ideas. By placing two clerks in a private room, where the noise was greatly subdued, he increased their output—by 90 per cent in one case, 100 per cent in the other.

—*Supervisors' News Service* (National Foremen's Institute)

## Don't Slight Sight

**G**OOD seeing conditions are the key-stone to effective office performance.

Sight first depends on light. The Illuminating Engineering Society recommends 30 and 50 footcandles for offices. The best interpretation of these two values is that they represent the extremes of the minimum range of illumination recommended. Many office managers have found the range about double that of the I.E.S. to be economical. They are employing 50 footcandles in their "general" office spaces and up to 100 footcandles for the more critical ones where drafting, auditing, and accounting are the work assignments.

Sight also depends on contrast. To see a task quickly, clearly, and easily, high contrast is necessary. Increased illumination sharpens the sensitivity of the eyes to contrast—improves seeing, particularly when tasks have poor contrast.

Laboratory tests have shown that the brightness of surroundings should be just about the same as the task. The presence of surfaces or objects appreciably brighter or darker than the task interferes with the ability to see and the comfort of seeing.

Both planned field studies and casual operating experiences have borne out the accuracy and pertinence

of laboratory conclusions. Time after time, so-called lighting complaints have been corrected by covering dark desk tops with wrapping paper, the most readily "on-the-spot" material that is moderately light-colored. These temporary corrections are then made permanent with light-colored linoleum, paint, and other materials, not only on the desk tops but throughout the office environment.

Don't slight sight. No one can afford to. This was well demonstrated by a study made in the Bureau of Internal Revenue during 1945 and 1946. It was conducted by the Public Building Administration in cooperation with the Bureau and the U. S. Public Health Service. By improving seeing conditions—more light and the introduction of light-colored finishes for a balanced brightness environment—production rate on a card-punch operation was increased 5.5 per cent. This was in spite of the fact that three out of five income tax forms were made more complex during the test period. The government spent \$6,500 on the improvement—once. A 5.5 per cent increase in payroll to turn out more work would have cost more than \$12,000—annually. The value of the investment in better seeing conditions is obvious.

Don't slight sight—it's expensive in dollars and human welfare.

—R. L. OETTING. *Systems*, January, 1951, p. 8:3.

## Planned Office Production to Raise Efficiency

**T**IME STUDIES, factory layout, routine inspections, and operating schedules are subjects of study in all progressive manufacturing production departments. This scientific approach to

top-flight efficiency deserves emulation in the office. Those office managers who already employ this approach bear witness to its efficacy.

To implement the plan to improve

office efficiency, checkoff lists like the following should be drawn up and reviewed:

#### *Equipment*

1. Is desk lighting ample? Have tests made with lightmeters.

2. Are chairs adjusted so that feet rest firmly on floor?

3. Is base of typewriter 12 inches above chair seat? Tests have found that this arrangement produces the best work.

4. Are ample supplies and equipment within easy reach?

5. Is equipment in working order?

6. Are files and storage cabinets sufficient to the needs? Cluttered files increase the hazard of misfiling and mean time lost hunting for correspondence.

7. Do any machines need replacement? Old office machines increase costs the same as old machinery in a factory.

8. Are copyholders or rests provided to prevent eyestrain and speed up production of office output? Are desk dictionaries and books on hyphenation and punctuation within easy reach of all?

#### *Work Assignment*

1. Are stenographers and typists doing work that should be done by messengers and clerks?

2. Is copy work assigned to typists or stenographers? Typists should get this work.

3. Are stenographers and typists in one division busy while others elsewhere have little to do? If so, a method of pooling work is effective in leveling off the peaks and the valleys.

#### *Output*

1. Is a record kept of the units processed, letters filed, forms filled out, special letters written, bills typed, etc.?

2. Are these records filed for comparative study with prior periods?

3. Is typist and stenographer output tabulated for comparative study with a view to increasing office production?

Any office improvement program, of course, should be planned to fit your requirements. The checkoff list above may be adopted as is or adjusted to suit your particular requirements. The important thing is to get your checkoff program on paper and then review it periodically to make sure all operations are being handled efficiently.

—FRED MERISH. *The Office Economist*, Vol. XXXII, No. 6, p. 11:2.

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THOUGH HIRINGS ARE on the increase, the average salary of the white-collar worker in the New York City area showed no marked change in a survey by the Commerce and Industry Association of New York, Inc., made in the fall of 1950. Participating in the study were 415 companies, reporting rates paid to 74,924 employees. While averages of higher-grade jobs have risen slightly, this rise undoubtedly is due more to merit increases rather than actual change in market levels, according to Gordon L. Thayer, Director of the Association's Personnel Management Bureau. Similar movement in lower-skilled jobs was not reflected in the over-all averages because of the marked increase in volume of hires in those classifications. Direct comparison of the rates of six key jobs—Messenger-Office Boy, Junior Clerk, Senior Typist, Senior Stenographer, Secretary-Stenographer, and Secretary—with the hiring rates for those jobs, Mr. Thayer said, shows that while the latter three classifications have moved up they also are the ones in which relatively little hiring was done.



## Tips on Planning a Correspondence Manual

A VITAL FACTOR in any company's advertising program is its correspondence manual. Whether you are planning a manual or wish to test the effectiveness of the one you already have, the following check list of important elements will help you:\*

1. *Introduction*: Tells aims of the book, outlines contents, solicits an earnest reading.
2. *Organization*: Shows basic elements of a good letter and their relation to each other.
3. *Approach*: Discusses critical role played by opening sentence or paragraph. Good and bad examples shown.
4. *The "you" appeal*: Emphasizes importance of looking at things from the recipient's viewpoint.
5. *Conciseness and clarity*.
6. *Stress on courtesy and tact*: Indicates the damage a thoughtlessly impolite letter may do the company's good will.
7. *Stress on improvement of vocabulary*: Suggests means for expanding the vocabulary and intelligent use of the dictionary.
8. *Style*: Glossary of correct usage and meaning for special company and industry terms.
9. *List of hackneyed terms*: A "must" for any such manual.

If you are preparing a manual: (1) Survey the market. Learn exactly what kind of improvement is needed. (2) Formulate definite objectives to arouse the writer's interest and pride in good letters. (3) Minimize arbitrary rules. (4) Make liberal use of examples. (5) Avoid pedantic pronouncements and pet prejudices. (6) Write it plain. (7) Issue the material first as a series of bulletins. (8) Print the final book in attractive form.

\* Reprinted with permission from *Check Lists of Advertising Essentials*. By *Printers' Ink* Editors and Contributors. Funk & Wagnalls Company, New York, 1950. 328 pages. \$4.75.

## A Survey of White-Collar Salaries

SCARCITY OF SKILLED LABOR hits white-collar occupations as well as production jobs. Important in getting and keeping office workers, is of course, pay. White-collar workers—young women particularly—may up and go where the pay is best. A recent study by the Bureau of Labor Statistics of 23 jobs in 11 key cities shows how salaries paid bookkeepers, clerks, stenographers, and office machine operators compare. Chart below indicates results in terms of the percentages that earnings are above or below the average New York rates, which were considered as 100 per cent:

CITY	MALE SALARIES PERCENTAGES		FEMALE SALARIES PERCENTAGES		ALL SALARIES PERCENTAGES	
	ABOVE	BELOW	ABOVE	BELOW	ABOVE	BELOW
Atlanta .....		—6%		—9%		—8%
Boston .....		—7%		—15%		—13%
Chicago .....	+3%		+1%		+2%	
Detroit .....	+13%		+3%		+5%	
Indianapolis .....		—8%		—8%		—8%
Los Angeles .....	+11%		+6%		+7%	
Memphis .....		—2%		—10%		—8%
Milwaukee .....		—4%		—11%		—10%
Oklahoma City .....		—5%		—9%		—8%
Providence .....		—8%		—15%		—14%

A sidelight on the salary studies: Highest pay is given on the West Coast, lowest in New England. Rates were about the same for men and women in routine jobs. But in jobs with more varied requirements, men's salaries were about 20% ahead of women's. Differences were greatest in Providence and Detroit, least in New York and Indianapolis.

—Executive's Labor Letter (Bureau of Business Practice, New London, Conn.)

## Control of Clerical Costs by Work Measurement

**C**LERICAL workers have become an increasingly important factor in our economy; from 1900 to 1940 the total number of office workers rose 365 per cent in contrast to an increase of only 75 per cent in factory workers. Of major importance is the fact that office work has not been exposed to the technical advances or controls applied so effectively to industrial processes. The increase in the number and pay rates of office workers in relation to factory workers exerts an unfavorable influence on the cost of doing business. Progressive corporations are aware of the impact of these conditions, but the control of clerical expenses remains relatively undeveloped in the science of business management.

In a recent poll of 124 business concerns, only 42 per cent indicated that they were engaged in measurement of their clerical output. Yet the measurement of clerical output is one of the most effective tools for controlling clerical expense. Salary increases, price declines, and the organizing of clerical workers are driving home the attributes of standard clerical unit costs, efficient planning and scheduling, standardized procedures, position descriptions and job evaluations.

Standard clerical unit costs are the country cousins of manufacturing unit costs; they have many common antecedents, but the varying nature and skills of clerical positions require an altered handling. Only through the medium of time is it possible to translate clerical effort into one understandable unit of measure, and it is the self-direction or thought process in a particular operation that determines the degree of difficulty in reducing that operation to a standard unit. Some industrial engineers advocate the elimination of the element of thinking in clerical operations, but what effect would such a course have on the morale of office workers?

However, more and more emphasis is being placed on transferring the

worker's skill and choice of action to mechanical equipment. Here we draw close to the territory of manufacturing production controls, and I suggest that they be drawn upon to the fullest and adapted to clerical requirements wherever applicable.

Generally speaking, to place clerical work upon a scientific basis will constitute a service to the employee; it will give him a sense of security and fair play. On the other hand, the office employee's intelligence prohibits a regimented, stereotyped work environment; oversimplification or too rigid a delineation of duties introduces a feeling of frustration and dissatisfaction.

For the past five years the United States Steel Corporation and its subsidiaries have been developing the scientific control of clerical expenses, combining the use of unit time standards with procedure flow charts. To date we have achieved the elimination of \$1,000,000 in payroll costs. In addition, the Clerical Cost Control Survey technique provides a concrete basis for merit increases and promotions, position descriptions for a job evaluation program and instruction manuals, unit time standards which measure the cost to accomplish work and which make possible accurate cost comparisons between present and proposed procedures, as well as aid in the selection and best utilization of office equipment.

The Clerical Cost Control Survey technique consists of presenting the existing clerical procedures of a responsibility in the form of operational flow charts and assigning unit time values to each operation charted. The unit time values are extended by the volume or frequency of occurrence during a designated period, in our case a month, to determine the total time requirement of each operation for the period. The next step is to draw the operations together by clerical position and the time during the

period when they are performed to determine the effective utilization of the attendance time of the incumbents. This time utilization must incorporate proper allowances for rest, personal needs, and peak load conditions. Any excessive reserve time will be disclosed in this manner and steps can be taken through the redistribution of work assignments to insure an equitable distribution of the work. The revised position descriptions, or redistributed assignments, through the use of budget standards, form the basis of a monthly budget control of the clerical hours which will preserve the benefits of the survey.

Close cooperation is required between the supervisor and the procedure analyst. It is the duty of the analyst to get all the detail, the supervisor's responsibility to verify for completeness.

When the charts are completed and approved, the next step is to establish unit time values and develop the volume counts for each operation. Incidentally, many of the volume counts are begun during the charting stage, particularly if they are large and tedious to secure. This practice saves considerable time. The unit time value for each operation is based upon established standard time values or upon agreement between the supervisor and the analyst. In the absence of standard time values, agreement between the supervisor and the analyst should be predicated upon experience in their respective responsibilities. This technique employs two simple and common principles:

1. Each operation is broken down finely enough during the charting stage so that an accurate unit time value can be assigned.
2. Experience has proved that the high and low values will tend to average themselves out and the over-all time requirements of a position will be accurate within a 5 per cent margin of error. Where high volumes are encountered, great care should be ex-

ercised in developing the time value so that the volume will not invalidate this principle.

The generally accepted ways of arriving at a time value are to estimate the unit time, secure a dozen or more samples and time check the operation, ask a clerk how long it takes, or privately time-study a clerk. Unit time values, extended by established volumes, are accumulated by clerical position in what we call the position description; any unassigned time is disclosed by a comparison with the attendance hours. The effective utilization of the excess time is the source of the previously mentioned reductions in clerical cost.

There are three types of items presented for each position which we term budget determinants. The first is the variable type, which is established by selecting a few of the more important volumes and accumulating all of the related operational time values; the sum of these time values is then divided by the volume selected and a permanent value established. The second type is called constant time. Special assignments are the third type. The current monthly volumes multiplied by the budget determinants equal the earned standard hours, which, when added to the total constant time and the special assignment hours, equal total earned hours. The earned hours are then divided by attendance hours to determine the efficiency of the position.

The difficulties encountered in enlisting the interest of top management in a program such as I have outlined will vary with your own particular circumstances. Andrew Liu sums them up: "The human inertia, mental laziness, and the fear to cross the bridge were some of the stumbling blocks to the progress of measurement of clerical output." We are faced with a gigantic selling job, and we must accomplish it in the not-too-distant future.

—H. F. VAN GORDER in an address before the Systems and Procedures Association of America.

### Need to Improve Handling of Women Workers

**W**ITH the manpower supply steadily shrinking as a result of mobilization, it becomes increasingly important for managers and supervisors to improve their handling of women employees. Although approximately 30 per cent of the country's total labor force is now made up of women, employers as a group still fail to realize that, since women are most certainly different from men, they cannot be treated in the same way as men. The following physical and temperamental differences between the sexes must be considered before women workers can be employed most effectively.

*Physical Factors.* Since women have less physical stamina, they respond especially well to work pauses during the day, though the advantages of these pauses may not be immediately apparent. The duration of a break—whether it should be five or 15 minutes long—can be determined by experimenting and by watching results. However, it is important that these pauses be correctly timed; a little after mid-forenoon and mid-afternoon have been found to be the best times for breaks. These rest periods are most successful if women are allowed recreation rather than forced to sit idly. Finally, lunch periods are not just excuses for them to get away from work. Physiologists point out that a woman's stomach is proportionately larger than a man's and, therefore, she needs food more frequently.

It is obvious that women's smaller stature requires different working facilities than those provided for men. Having 10 per cent less reach, a woman needs smaller workbenches and, for a standing position, a table level about 37

inches from the floor. Also, since women have comparatively shorter thumbs and longer index fingers than men, it may be necessary to provide special tools for certain types of work.

Though some women possess greater manual dexterity than men, some motions, particularly those of a rotary nature, prove especially fatiguing. Productivity can rise greatly if workers performing these motions are alternated at suitable intervals. The fatigue factor is also important in foot operations. A pedal should be designed so that the woman's heel does not have to be lifted from the floor.

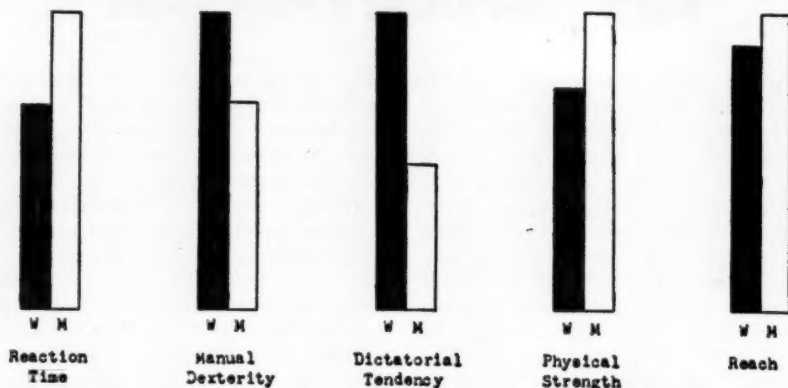
Tests have demonstrated that a woman's reaction time is 15 per cent slower than a man's. This should indicate to the manufacturer of precision items that it is most desirable to have women on jobs where motions are automatic and where the fatigue of making a choice regarding the next move is minimized.

*Temperamental Factors.* Feminine psychology seems to demand constant reassurance, even though the facts may speak for themselves. A man will be most successful in supervising women if he makes a conscious effort to reassure them that they're doing a good job. Women cannot be criticized as thoughtlessly as men without showing resentment. It is likewise important not to make a woman feel inferior by starting her out with skilled personnel. Let her learn by herself or with a group of beginners, where she is just as good as the next person.

By the same token, women prefer men supervisors by an overwhelming majority. Psychological tests indicate that there is a tendency to be dictatorial among only 8 per cent of men, while

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### A Comparison of Certain Physical Characteristics of Men and Women



women have this failing nearly 16 per cent of the time. However, a woman seldom likes to be dictated to, particularly by one of her own kind. Therefore, choosing men supervisors who are considerably older than the women supervised serves to minimize sex differences and makes for greater harmony.

Another principle to be kept in mind is that foremen should not pile a whole day's work in front of their crews. If it is broken up in small units, it does not look so forbidding and workers can feel a sense of accomplishment in completing one part of a job.

Since women are naturally conscious of their appearance, they should be given the opportunity to preen a bit. Be liberal with the use of mirrors in restrooms and do not impose restrictions about wearing drab uniforms or unattractive clothing.

As a general rule, the female worker does not have her heart set on a particular job but will be happy in any department as long as she is well treated. Since more and more women are entering industry, an understanding of the above sex differences may be most important in obtaining maximum production.

—ROBERT F. WELCH, *The Manufacturing Jeweler*, February 15, 1951, p. 4:2.

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PRESIDENTS of well-managed companies, as a rule, reach the top by staying with one company or within the same industry, reveals a recent study of 159 firms by the American Institute of Management. Of the presidents surveyed, 36 per cent had spent their entire working life with one firm, and over half stayed either with one company or within the same industry. Three-fourths of the group had worked for no more than three concerns.

The first jobs of the presidents surveyed were: engineers, 17 per cent; office workers, 15 per cent; lawyers, 8 per cent; foremen, managers, 7 per cent; self-employed, 3 per cent; accountants, 7 per cent; salesmen, 12 per cent; factory workers, 13 per cent; all other, 18 per cent.

—*Advertising Agency and Advertising & Selling* 12/50



## Discrimination: A Dead-End Street

**E**LMO ROPER has pointed out that by employing about 6½ million more American workers at their highest skills, the additional money earned by this group—and consequently spent by the workers and their families for goods and services—would amount to some 6 billion dollars a year. A potential market of this size is worth more than a little thought. But picking the plum off the tree isn't going to be easy. The people who find it most difficult to sell their skills are American Negroes, and the cause is racial discrimination. Industry has an excellent opportunity to illustrate that national ideals can be turned into concrete action.

The practicality of employing Negroes has had plenty of test-case proof. World War II gave the Negro worker his first real chance to show what he could do. Postwar cutbacks would have furnished ample excuse for dropping all these dark-skinned employees, if management had not found that they paid their way in productivity and that they could be fitted into the industrial environment successfully.

Today Negro technicians hold jobs with such key organizations as Western Electric, General Cable, du Pont, RCA Laboratories, and International Harvester. Afield from industry, they are filling jobs in department stores and telephone companies, driving buses and operating subways. Progress has been slow, but industrial and commercial leaders are at least beginning to accept their responsibilities for ending employment discrimination.

When the policymakers of any industry plan to undertake a positive program of Negro employment, they might consider whether employer-employee relations within the organization are good enough to stand up under such an innovation. If workers like the company and have some sense

of personal identification with its aims, they are usually ready to accept unusual actions on the management's part with confidence. We actually had this experience at Pitney-Bowes. The outgoing cooperativeness of almost all our employees in accepting Negroes on an equal working basis was very gratifying. Long before the good will wore thin, our Negro personnel had been accepted as people, and been judged as people, rather than as representatives of a collectively feared and resented group.

When we first began to make a conscious effort to find qualified Negroes to fill all types of jobs, it was decided to concentrate on the addition of a few machinists, assemblers, and other skilled or semi-skilled Negro employees. The only adverse reaction was the brief circulation of a rumor that the employment of these people was the first step in a plan to fill the shop with cheap labor. The rumor was not taken seriously by more than a handful of our employees.

We hired our first Negro office worker in 1946. To emphasize the fact that her addition to the company bore the stamp of official approval, we purposely placed her in the personnel department. The girls in the department were well acquainted with our plan, and we had their assurance of help. We supplemented this with a "conditioning" talk to the girl herself, to prepare her for possible rebuffs and to point out that her own tact, self-restraint, and hard work would be the very best weapons she could possibly use in defeating what prejudice she would find among her associates.

We did hear a few discontented rumblings, but it wasn't long before the picture had changed completely. The caliber of her work was excellent. We had chosen this first Negro office employee for superior ability and good

temperament characteristics. We have continued to be selective in employing Negroes because we believe it is still very necessary for each individual worker to make the best possible impression, both for his own sake and for the sake of his race. Our selection is made through personal interviews and through the administration by a qualified psychologist of pre-employment tests.

In our first experiment, as a trouble preventive, we enlisted on management's side employees who might be leaders in the event of planned opposition, confiding that some trouble was expected and that we would need their help in preventing it. Whatever the reason, our white and Negro em-

ployees have found the secret of working together with harmony and mutual respect.

Far from being "problem children," our Negro workers have been a fine investment for us. A Negro is handicapped by his skin color; because of his handicap he must put more effort into proving his ability than the average man. The end result is that his performance is often distinctly superior. If Pitney-Bowes' Negroes have profited by the opportunity we have given them, then we have profited equally. And if the present trend continues, industry may really give the Negro the chance he wants—and a chance is all he needs.

—J. J. MORROW. *Changing Times: The Kiplinger Magazine*, Washington 6, D.C., Vol. 4, No. 11.

### **Survey Shows Trend to Longer-Term Union Contracts**

PACED by Walter Reuther's United Automobile Workers, unions since Korea are signing contracts of longer duration, according to a survey of 229 union contracts recently completed by the Conference Board. A decided shift to contracts running for longer than one year became evident even before the present emergency. But since Korea, negotiators are signing more three and five-year contracts than before. Escalator clauses play a major part in this shift.

Of the Board's sample of 229 contracts signed since June 25, 1950, date of the outbreak of war in Korea, 10 per cent run for three years, 6.6 per cent for five years. In the year prior to the outbreak, a sample of 306 contracts revealed only 2 per cent that ran for three years and only 1 per cent that ran for five years. Going back even further, only one contract out of a sample of 313 signed during 1947-48 ran for three years. None in this sample was for five years.

While union negotiators seem more willing to sign long-term pacts, the study showed, they are not willing to forego wage changes during the entire period. Four out of five of the recently negotiated longer-term pacts—those running for more than one year—provide for some method of changing wages during the life of the contract. Most often this is through the conventional wage reopening provision. However, in the three-year and five-year contracts, escalator clauses and annual wage increases are often relied upon to make the necessary wage changes.

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SOON many employees will undoubtedly be wearing identification badges once again for security purposes. Northrop Aircraft, Inc., Calif., used to issue name badges only to supervisory personnel, numbers to everyone else. Now, though, Northrop is putting names on *all* badges for its 7,600 employees. Objective: to boost morale, while greatly adding to the security of the plant.

—*Labor News Brevities* (The Employers' Association of Chicago) 2/1/51

## How Industrial Editors View Their Profession

**W**HAT do men and women actually engaged in industrial editing think about the preparation needed by the industrial editor and his place in his company? A questionnaire seeking to discover their views on this subject was submitted to all participants in the 1950 Temple University Clinic for Industrial Editors. Each editor was asked to answer questions dealing with his actual organizational status and, later, to indicate what he considered the ideal status to be. Forty-two participants, representing 21 manufacturing companies and 43 publications, completed and returned the questionnaire.

Thirty-one editors, 26 of them holding college degrees themselves, felt that a college background was highly desirable. Regarding the type of college training that is most effective for industrial journalism, 21 believed that a specific program in industrial journalism was most valuable; 13 favored a liberal arts background; 10 recommended business training; 10, a general course in journalism; and five specified other types of training. (Some indicated more than one choice.) All 42, however, believed that courses in economics were of value to a student planning a career in industrial journalism. Other course preferences were, in the order chosen: English grammar and composition; news writing and feature writing; social science courses dealing directly with the community; publicity and public relations; psychology; editing principles (proofreading, makeup, etc.); political science; sociology; graphic arts and design; typing; and marketing, salesmanship, and advertising. The majority, however, felt that a two-year college program could be sufficient if it were specifically designed for industrial journalism and were followed by actual experience.

In addition to a college education,

the editors felt that the following types of work experience were desirable: training on the company's publications staff directly after graduation; community and other press experience; public relations work; and, finally, shop and office experience. The majority felt that the editor should have some company background and indicated that the best way of acquiring it was by actual work in one or several of the company's various departments.

The overwhelming majority said that the editor should be an employee of the organization. In fact, most felt that the industrial editor should actually belong to a company department or division, indicating, specifically, public, industrial, or community relations (33), personnel (18), and advertising (4). Only seven believed that the editor should be separate from any department. Virtually all the editors answering questionnaires, incidentally, were employees of the company sponsoring their publication and, almost uniformly, felt that their own positions were very close to the ideal.

In general, the questionnaire indicated marked differences of opinion between "experts" in the field of industrial journalism and the 42 industrial editors themselves. The ideal industrial editor, according to some "experts" and consultants in the field, is a man with a liberal arts education, community newspaper experience, and a position outside the company, possibly with a public relations firm specializing in company publications. However, in the opinion of most of the 42 editors questioned, the ideal industrial editor is a man with an education specifically in industrial journalism, experience on the staff of the company publication, and a position in the public, industrial, or community relations department of the organization.

## Some Pointers on Curbing Absenteeism

**A**BSENTEEISM is moving up to the number-one spot on the labor relations "Hit Parade"—those problems that "hit" management where it hurts most. This natural by-product of plentiful jobs and high wages is bringing back into use many of the preventive practices that worked during World War II — and is also inspiring some new ideas to counteract this drain on production.

The trend today is against penalizing the worker by disciplinary layoff or discharge. Here are some of the practices now in use which try to whittle down a high absentee rate by other means.

Booming business has caused many plants to up their workweeks to 44 or 48 hours. One firm now on a 48-hour week practically eliminated absenteeism by a simple device which any plant can use (unless prohibited by union contract). The company refused to count any absent time for overtime purposes. Result? Absenteeism dropped to almost nothing.

A number of management men feel that workers would not take time off with slight provocation if they realized how much it actually cost them over a period of time. These men attack the absenteeism problem by dramatizing this loss for the worker—

not only in dollars and cents but in terms of the things money can buy.

Some firms give bonuses for good attendance. This is an idea that was quite popular during World War II, dropped off during the postwar years, and is now getting quite a play again. A characteristic of today's attendance bonuses is the short period required to earn the reward. Usually three months or less of perfect attendance now produces the "extra." Employees will really strive to attain a goal that is not too distant. Gray Tool & Die Company in Cleveland shortens the eligibility period for an attendance bonus to a week. Its bonus covers both absenteeism and tardiness. Any employee who has a perfect record on both scores for one week gets an extra dollar in his pay check. One minute late on one day causes a man to lose the bonus—company figures it's way ahead, both dollars and production-wise.

*One Word of Caution:* Where overtime (more than 40 hours a week) is worked, an attendance bonus must be included in the employee's regular rate of pay. In other words, it will boost the rate that is the basis for the time and one-half that must be paid under the Wage-Hour Law for hours worked over 40 in one week.

—*Employee Relations Bulletin* (National Foremen's Institute, Inc.), January 10, 1951, p. 3:5.

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WAGE EARNERS are generally opposed to national compulsory health insurance, according to a recent nationwide survey of the Wage Earner Forum conducted by Macfadden Publications, Inc. Of the 82.3 per cent of survey respondents who said they had heard of the program, only 27.4 per cent favored it. Nearly half were definitely opposed, and one-fourth offered no opinion. Lack of understanding or interest in the matter is indicated by nearly half the respondents, for 47 per cent say they have no idea whether there is any difference between "national compulsory health insurance" and "socialized medicine." Somewhat more than a fourth think there is a difference, while almost as many think they are the same.

## Employee Motivation—Key to Greater Productivity

**A** MOST VITAL PROBLEM confronting industry today is that of achieving greater productivity. A prime factor in stimulating productivity is motivation—the degree to which people are energized toward a goal in a meaningful way. When this phenomenon is dealt with at a group level, it is called morale. High morale in a group exists if the group members are highly energized toward achieving the goals and will accept patterns instead of traveling their own individualistic paths.

Most people never perform at the peak of their abilities. If they can be motivated to closer approximate their ceiling, then greater productivity will result.

In the very organization of our business, we tend to adapt the man to the machine. The older emphasis was upon negative sanctions—such as fear of punishment—that had no intrinsic relation to the job itself. The supervisor or the foreman fired the worker if he did not play his part in the system. A gradual change has taken place, however, over the past 20 years. Unions have grown in strength to the point where in many companies it is no longer possible for the foreman to fire a man whom he thinks is not doing the job. The labor market has changed—good men are hard to get. In addition, the entire training in society has changed. Children are reared differently today, and the authoritarian method based upon punishment and fear that worked in a Victorian period does not impress the modern worker. Thus there has been a shift from the external penalty idea to external rewards in the form of pay incentives. Valuable as that approach is, it is limited because it omits an internalized type of motivation, i.e., a motivation in which the job becomes more meaningful to the worker and is rewarding to some extent in and of itself.

In our routinizing and standardizing, we have moved many decisions out of the realm of the lower levels; yet those responsibilities were the ones which made the job itself more intrinsically interesting. We have not given enough time and thought to that problem.

We tend to confuse ego motivation with sheer egotism. Ego motives are not necessarily concerned with self-centeredness. Self-expression, for example, is concerned with the pleasure derived from the manifestation of one's unique combination of gifts and abilities. Self-determination pertains to the desire to make up one's own mind free from coercion. Self-esteem involves a desire for recognition of one's personal worth.

The seeming incongruities in people's behavior can be more easily fathomed when we understand their motivation. Evidence from the Prudential Insurance Company demonstrates that when supervisors give subordinates more leeway and allow them to exercise initiative, group productivity rises. Where deviations from the arbitrary standard are permitted, higher productivity follows in many instances.

Professor Meyer has made a distinction between frustrated behavior and what is designated as adaptive behavior. The frustrated personality repeats errors, even if those mistakes bring punishment and lack of gratification. He is not stupid, but somehow his learning process has become confused. This stereotyping of response usually manifests itself in regression to an earlier form of behavior or aggression in the form of a temper outburst. That individual cannot be handled by using reward, punishment, and satisfaction for motivation. He can be handled only by removing the pressure. The adaptive response cannot be expected until the individual has experienced release.

Here are some other points which



should help in developing the desired motivations on the job itself. First, the job itself should furnish satisfactions and rewards; to achieve this, we must avoid a tendency to overstandardize and over-routinize.

Another principle is concerned with what might be called psychological nearness: Thus, a good recreational program for employees is not psychologically close to their immediate needs. Studies in industry have demonstrated that the people who use the recreational facilities and are enthusiastic about the benefit program are not necessarily the high producers. The impetus which induces productivity performance is something more intimately related to the job. It lies in the fact that the employee's supervisor is a competent leader, that the employee is associated with a group having high morale, and that he has personal ambitions which enable him to derive satisfaction from his job.

A third principle relates to employee aspiration level. No attempt should be made to alter it drastically. In order to increase productivity, management should not entice a group to accept a radically higher level which is out of its scope. After people pass their aspiration level, the intensity of their motivation declines.

Another point has to do with the method employed to induce people to act. Motivation is not precipitated primarily through verbal communication. There is some question as to whether the pep talks that used to be popular really were effective except as a release for the speaker. As a general principle, the attempt of a person to communicate his orders to others does not necessarily bring about the motivation desired. An indirect approach is more often indicated. Genuine concern with the employee's problems must be evidenced and appreciated if any plan is to succeed.

—From an address by DANIEL KATZ (The University of Michigan, Ann Arbor, Mich.), before the First Annual Life Agency Management Conference.

### **Building Morale of Employees Called to Service**

PERSONNEL MEN are in for busy days, as the flow of men from industry to the armed services accelerates. But the pressure of adjusting to changes involved shouldn't be so great as to make the reservist or draftee a "forgotten man." Now is the time to start interviewing employees called to the colors—to let them discuss personal worries, counsel them on types of relief obtainable under the law. For example, you can advise the employee that:

If he owns a home and his income will be cut on entering the service, he may, by applying to court, get mortgage interest payments cut or delayed until after his discharge. Mortgage foreclosure can be similarly stalled.

If he is buying anything on the installment plan, he need not lose it because of inability to pay. Repossession involves a court order—and the court is expected to give the serviceman a break.

If he is worried about his family's ability to pay the apartment rent, relief may be obtained from court—provided the rent is not more than \$80 a month.

Regarding insurance premiums—on commercial life policies up to \$10,000, he may ask the Veterans' Administration to prevent a lapse. Payments made by VA become a debt that can be collected from the veteran after discharge.

Inability to pay taxes can mean postponement of payment until after discharge.

He can break a lease, though it may cost him a few weeks' rent.

All these rights belong to the serviceman under the Soldiers' and Sailors' Civil Relief Act of 1940, still on the books. To take advantage of some of these rights means going to the courts—perhaps when the serviceman is thousands of miles from home. Here the company can perform another service for the employee by assuring him in advance that the firm's attorney or legal staff will take care of all necessary details. If this policy is not practical, the rights are not lost—a court will provide legal assistance for the absent serviceman.

—*Employee Relations Bulletin* (National Foremen's Institute, Inc.), Report 243.

## The Arbitrator: Mediator or Judge?

**A**RBITRATION is provided for in more than 80 per cent of collective bargaining contracts, yet many negotiators have no clear idea which of two very different kinds of arbitration they have in mind. On the one hand, an arbitrator may attempt to mediate or work out a "fair" compromise. This brings him into the bargaining area. On the other hand, the arbitrator may act as a judge, deciding an issue purely on the basis of the contract as written. The practical difference is great.

*Relative merits* of these two approaches are strongly disputed by arbitrators themselves. At a recent conference on labor arbitration at the University of Pennsylvania, sponsored by the Labor Relations Council of the Wharton School, proponents of both sides were heard.

*Arbitration as an extension of bargaining* is advocated by William Simkin, President of the National Academy of Arbitrators. Four considerations, he believes, serve to distinguish arbitration from litigation: (1) The parties to the dispute must live together afterward. (2) Different disputes are related and sometimes interconnected. (3) Precedents established directly affect the parties setting them. (4) There is less uniformity in labor-relations practices than in law. As a result, Simkin feels, the arbitrator must try to establish conditions under which agreement can take place. This he does by attempting to narrow the gap between the parties' respective positions—a form of mediation. But when the arbitrator acts as mediator, he always has in reserve the power to decide the dispute.

*Two techniques* are suggested by Simkin to help achieve a solution ac-

ceptable to both parties: (1) After testimony has been presented, the arbitrator may ask questions designed to sound out the possible effects of various alternative decisions. (2) The arbitrator's written opinion can help persuade the parties that his award is the proper one—the purpose of the opinion being to sell the decision.

In some situations, Simkin concedes, mediation shouldn't be employed. Where one of the parties goes to arbitration merely to avoid giving in, or is clearly wrong and only hopes for a compromise, a clear-cut decision is indicated.

*The judicial approach* to arbitration is championed by two arbitrators, Whitley P. McCoy and Walter Gellhorn.

McCoy advances the view that the judicial approach is the correct one except in those industries where the parties themselves have decided otherwise. The arbitrator, he says, should reach his decision on the basis of the contract language; otherwise, why did the parties spend months haggling over it? And he emphasizes that the judicial approach need be neither literal nor legalistic.

Gellhorn advises arbitrators to interpret a contract as a binding agreement. As an alternative to personal consultations with the parties (he is generally skeptical of such consultations), Gellhorn suggests that use be made of *proposed* decisions, to which exceptions may be filed. These, he says are especially useful where terms of a new agreement are involved. Mediation by an arbitrator, in Gellhorn's view, becomes a sort of bludgeoning process.

—From *What's New in Collective Bargaining Negotiations and Contracts* (The Bureau of National Affairs, Inc., Washington 7, D. C.), December 8, 1950, p. 4:1.

## Employee Participation in the Decision-Making Process

**E**VERY management has the problem of eliciting service contributions from employees at a high level of quality and intensity. These service contributions are essential if the formal goals of the enterprise are to be attained. What motivates employees to contribute their services?

Individuals may strive for such goals as monetary reward, prestige, power, security, or they may strive for certain psychological gratifications in doing the job—i.e., they may work because they like their work. The primary reason they contribute their services is to attain these latter goals. In attaining these desired goals, they make possible the attainment of the formal goals of the enterprise which to them are simply means to their own ends.

Participation by employees in the managerial decision-making process may serve to bring about a coincidence of formal and personal goals. It may be that through participation, the subordinate who formerly was moved to contribute his services only because he sought, for example, security and financial rewards, now comes to be moved additionally because he recognizes that the success of the enterprise in turn will enhance his own ability to satisfy his needs. This, however, will depend upon a set of dynamic psychological conditions, the primary ones of which are outlined below:

(1) The subordinate must be capable of becoming psychologically involved in the participational activities. He must be free from "blockages" which may prevent him from re-arranging his particular goal pattern in the light of new experience. He must possess some minimum amount of intelligence so that he may grasp the

meaning and implications of the thing being considered. He must be in touch with reality.

(2) The subordinate must favor participational activity. In other words, the person who believes that "the boss knows best" and that the decision-making process is none of his business is not likely to become strongly motivated if given an opportunity to participate.

(3) The subordinate must see the relevance to his personal life pattern of the matters being considered. When he realizes that through participation he may affect the course of his future in such a fashion as to increase its positive goal elements and to diminish the negative ones, he will become motivated.

(4) The subordinate must be able to express himself to his own satisfaction with respect to the matters being considered. He must be psychologically able to communicate; and, further, he must feel that he is making some sort of contribution. Of course, if he cannot communicate (owing to mental blocks, fear of being conspicuous, etc.), he is not participating. If he does not feel that he is contributing, he may, instead of becoming motivated, come to feel inadequate and frustrated. This presupposes that not only is he articulate, but that he has a certain fund of knowledge on which to draw. Participation may fail if it involves considering matters outside the scope of experience of the participators.

For effective operation of participation as a motivational device in a group situation, the members of the group must respond similarly to given amounts of participation, for wide divergences of response may bring forth social tensions and lack of teamwork within the group.

—From *Participation by Subordinates in the Managerial Decision-Making Process*.

By Robert Tannenbaum and Fred Massarik. University of California, Los Angeles 24, Calif. 1950.

## Do Antihistamines Really Work?

HOW GOOD ARE the antihistamine drugs in curing a cold? There has been much discussion, both pro and con, on this subject in recent months. Whatever impressions may have been made in favor of antihistamines, one fact should be absolutely clear. They are not cold cures—in the sense that penicillin is a cure for pneumonia. They do not kill the virus that causes the disease. Nor do they destroy the bacteria that follow in the wake of the virus to cause a host of complications. The sole purpose of these drugs is to relieve symptoms.

In recent months five reports have appeared in medical literature tending to discredit the drugs. Typical is one study conducted at the University of Minnesota. Seventy students received antihistamines for colds and reported results no better than a similar group which received placebos—medical talk for an inactive pill made of milk sugar or some similar material. Another study by army doctors at West Point gave essentially the same results. Thirty-nine students got antihistamines and an equal number were given placebos. The ones who received placebos reported nearly twice as good results as those who received the anti-cold drug!

As against these results—recorded in these small experiments—there is a mass of evidence pointing in the exact opposite direction. Twelve experiments covering a total of 6,700 people showed that 85 per cent got relief from cold symptoms. Since that time additional thousands of cases have been added to the roster.

Dr. Harry E. Tebrock of Sylvania Electric Products, Inc., and associated physicians gave antihistamines to four thousand company employees who reported cold symptoms over a long period. Of this group, 85 per cent were free of the symptoms in 72 hours or less. Less than four per cent of the group suffered side effects.

Dr. William L. Baughn, medical director of General Motors' Guide Lamp division, Anderson, Indiana, passed out antihistamines to 8,000 employees who felt they were developing, or had developed, a typical cold. Of this group, 66 per cent reported excellent results within 48 hours. Another group of cold sufferers given placebos reported good results 27 per cent of the time.

Dr. Marvin Ziporyn of the United States Public Health Service conducted an experiment with students at the United States Maritime Service Training Station at Alameda, California. Out of a group of men who got antihistamines for classical cold symptoms—drippy nose, watery eyes and such—all reported complete relief in less than 24 hours. Another group with more advanced cold symptoms—hoarse voice, sore throat, hacking cough, profuse mucous discharge from the nose—got little or no relief from antihistamines. This is a highly significant point, possibly explaining those cases where people report no effect from the drugs.

To sum up this evidence: When taken as directed, the antihistamines appear to be perfectly safe. The person who takes them for colds can expect relief six to eight times out of 10, with cold symptoms vanishing within 48 hours. The best results are achieved with head colds in the earliest stages of development. The drugs appear to be of little value with colds that have infected the upper respiratory tract.

—J. D. RATCLIFF in *Woman's Home Companion* 1/51

## "Meet the Boss"

AN INGENIOUS CAMPAIGN has been launched by Rhinelander Paper Company of Rhinelander, Wis., to inform its more than 1,000 employees about the customers who use the products they produce. The company manufactures special papers which are principally used in packaging consumer products. By means of pamphlets and customer product samples, it is telling employees how the papers they make are used by each customer. The consequences to the customer of imperfect production at Rhinelander are discussed, as is the nature of the competition the company has to meet to hold each customer.

—ALAN STURDY in *Commerce Magazine* 11/50

## New Approach to Retirement Problem Needed

**A** VITAL PROBLEM today in the field of social security and industrial pensions is the problem of the "too-old" worker.

The provision of financial support in old age must come directly or indirectly from economic productivity. There is much current evidence that income from work is perhaps the most desirable form of financial support in old age—that people want to continue working after retirement and that such continued employment eliminates many of the financial problems common to retirement.

One large company says that in the past five years more than 75 per cent of retired employees having pensions averaging 40 per cent of pay at the time of retirement have sought additional work to keep up with the increased costs of living.

There is considerable evidence that the determination of the time of retirement should be measured other than by the attainment of a specified age, that a system which would provide for incapacity retirements would be economically desirable from the standpoint of both industry and the worker, and that the fully adequate support of such a system would be well within the resources of our economy.

What can an individual company do to solve the problem of the too-old worker? It can: (1) Analyze the job. (2) Analyze the worker. (3) Fit square pegs in square holes. (4) Be sure employees know what is being done, how, and why. In analyzing the

job, consideration should be given to mechanical factors such as lifting, carrying, handling, pushing, climbing, seeing, hearing, and environmental factors such as inside, outside, high temperature, low temperature, vibrations, noise, working alone, working with others, day shift, night shift, and so on.

Compulsory retirement does not always decrease costs. It may add to them by eliminating efficient producers and substituting untrained workers for trained.

Objective, measurable factors which could be used to determine which workers should retire, which should be transferred, and which should remain in their former jobs would greatly simplify the problem. A critical clinical medical examination, including blood counts, chest X-rays, urine analysis, blood pressure, visual and otological tests, would help to measure the individual's physiological age. This could be combined with a measure of factors such as attendance, promptness, accidents, errors, spoilage, reworks, complaints, output, and individual morale, weighted in terms of their relationship to costs.

Jobs should be analyzed on an industry basis to determine the skills, physical ability, training, and related factors required.

Plans should be established for transfer of older workers to less demanding jobs, to allow for part-time employment, and to retrain workers for jobs better suited to their capacities.

—From an address by EDWIN SHIELDS HEWITT and CHARLES L. KLUSS before the 51st Annual Convention of the National Metal Trades Association, New York City.

### Re-employment Rights for Veterans

ONE OF the big upsetters of good employee relations during and after World War II was trouble over veterans' re-employment rights. With the draft and reserve call-ups rolling again, the U. S. Labor Department is doing a real job to try to stop trouble before it starts this time. Result: A fine *Question and*



*Answer Handbook*, recently released. Covers re-employment rights problems from A to Z with 314 helpful answers to all types of questions. Also contains analysis of Supreme Court decisions and text of re-employment laws for vets. Write for copies to Bureau of Veterans' Re-employment Rights, Labor Department Building, Washington, D. C. Also ask to be put on the Bureau's mailing list for *Field Letters*, which will keep you up to date on changes.

—*Factory Management and Maintenance* 12/50

### **Free Coffee Boosts Employee Morale**

"AN EMPLOYEE earning \$2 an hour, taking a 20-minute break for coffee, costs me 66 cents," a midwest plant manager complained recently. "If I can cut as much as three minutes off the break, it will pay me to buy the coffee and give it to him free."

Apparently many midwestern employers are thinking that way today. They're handing out more free coffee for more workers than ever before. They originally adopted the "free coffee" plan partly to boost employee morale. But they discovered more compelling reasons: The mid-morning coffee made workers more alert and cut accidents; the mid-afternoon coffee break boosted production toward the end of a shift.

—*The Balance Sheet* 1/51

### **New Twist on "Birthday-Holiday"**

AN INTERESTING NEW VERSION of the "birthday-holiday" idea for employees has been developed at Plastic Manufacturing Company, Stamford, Conn. As is usual in such plans, the company grants each worker a personal holiday on his birthday—with pay, of course. The new twist is that if the worker reports for duty on his birthday, he may work the holiday and get double pay.

But that's not all. For another kind of "birthday"—the worker's employment anniversary—the company also gives a present. Each worker gets \$10 on his anniversary.

—*Factory Management and Maintenance* 1/51

### **Annuities on the Increase**

THE AMERICAN PEOPLE are becoming more and more retirement-income-conscious, as evidenced by the continuing rapid growth of annuities in force with United States life insurance companies. Resulting largely from ever-increasing purchases of group annuities, the number of annuities of all types at the end of 1949 reached a total of nearly 3.4 million, a rise of approximately 85 per cent from the close of 1941. These contracts will pay their holders annual income of some \$1.2 billion, also an all-time peak.

By type of payment, the annuity totals break down into three groups. Those having all premiums paid but which do not begin distribution of income until some future date make up the largest classification. They number almost two million and will pay \$515 million annual income. The second group, those with premiums already paid, and now paying income to their holders, number 697,000 and are currently paying out some \$273 million. A third category, those from which income will start in the future and on which premiums still are being paid, consists of 665,000 contracts with annual income of \$385 million.

—*Life Insurance Fact Book: 1950* (Institute of Life Insurance, 488 Madison Ave., New York 22, N. Y.)

## Best Workers Gripe the Most, Study Shows

**C**ONTRARY to popular belief, the best supervisors and workers are apt to be the company's severest critics, while the lowest productivity groups are the most contented. This is the startling finding that has emerged from a four-year study by the University of Michigan's Institute of Social Research at the Prudential Insurance Company, Newark, N. J.\*

If the study has any validity—and similar studies now being made at the Chesapeake & Ohio Railroad and at Studebaker Corporation indicate conclusions will be similar—then management will have to start figuring out some new policies.

The Institute has reached the conclusion that in order to boost production it isn't necessary to get the workers to love the company. High production groups surveyed didn't like the rating system, the way complaints are handled, or the way the company places people in jobs. Low producers weren't so critical. As for attitudes toward such matters as hours of work, employee benefits including free lunches, working conditions, company rules on conduct and overtime, the study indicated there is little difference between high and low producing workers.

Briefly, the survey showed:

Supervisors, not workers' attitudes or over-all company policy, are the key to productivity.

Pride in the immediate work group was the only factor in worker attitudes that had a direct bearing on how much a group puts out.

\* The study began in 1947 with an initial grant from the Office of Naval Research. Complete results are now available in: *Productivity, Supervision, and Morale in an Office Situation*. University of Michigan Press. \$2.50.

High regard for the company didn't count; neither did satisfaction with the job at hand nor financial and job status satisfaction. (In the case of supervisors, however, job satisfaction did show up as important.)

In determining what makes a good supervisor, the researchers decided that heads of the best sections identified themselves first with the employees and then with the company. They were critical of management policies, didn't keep a close check on production, and gave their workers a relatively free hand.

"The smart supervisor doesn't stick his neck out, but gets results when he does," the survey finds. "Recommendations for job promotions from high-producing supervisors were put in effect three times as often as those from low sections. But the low-producing supervisors put a lot more into the hopper."

Despite these findings, companies are warned against junking their traditional personnel programs aimed at making workers happy, since certain qualifications are wrapped around the findings of the Michigan survey center: One is that more study is needed on why Prudential productivity wasn't affected by employee job satisfaction. The answer may be that dissatisfaction, if it goes deep enough, is important; but in a normal situation it doesn't count. Another point made by the researchers is that if you match one company against another you may find the one with the best worker relations has a better over-all output.

Besides, productivity isn't everything. Having a well-thought-of plant can improve community relations, keep job turnover down, attract new workers—all important in dollars and cents.

—*Business Week*, February 10, 1951, p. 68:5.

## Production Management

### Organizing for Sound Preventive Maintenance

**S**CHEDULED equipment inspections and lubrication checks combine to form the core of real preventive maintenance. The following suggestions for a maintenance program may prove highly valuable in reducing operating costs.

Preventive maintenance programs are a direct responsibility of the electrical and mechanical maintenance departments and should be initiated and administered by the electrical and mechanical superintendents. These key personnel should know the current condition of all equipment in their charge and must determine the desired inspection intervals for routine and periodic inspections of each piece of equipment. Periodic check inspections particularly should be the responsibility of senior maintenance personnel. This type of inspection is "called up" by a maintenance tickler card file.

This tickler file tells each week what inspections are due. If inspection reveals that equipment is in satisfactory condition, only the date of inspection need be noted. If maintenance work is required on equipment, the inspector relays the information to his foreman or to the maintenance superintendent, who rechecks the condition. If repairs are indicated, a job order is issued which describes the work required and the date it is to be completed. When the repairs have been made, the job order is closed out. The job order number, date of completion, brief description of the work, and cost data are posted on the back of the equipment record card.

This cost maintenance history is extremely helpful in:

1. Pointing up repetitive jobs on a piece of equipment.

2. Indicating the need for redesign of elements or assemblies in a piece of equipment.

3. Preparing annual maintenance budgets.

4. Determining when to replace equipment whose maintenance cost is excessive.

5. Furnishing a guide for selecting replacement equipment.

6. Providing a guide in ordering or manufacturing spare parts.

A gauge of the effectiveness of the inspection effort can be made by a monthly review of the job orders covering repairs. If 90 per cent or more of the job orders are initiated by maintenance personnel, inspection is "paying off."

The maintenance inspector should be carefully selected. He must know the manufacturing process of the product, at least from a practical standpoint; understand the operating characteristics of each piece of equipment scheduled for his inspection; and have sufficient knowledge of the details of the construction of this equipment to diagnose readily any irregular operation.

It is sometimes desirable to create in the maintenance department a new job with the title of *equipment inspector*. This man is charged with the responsibility of carrying out the preventive maintenance program in regard to inspections and lubrications. He is brought into the official family as a special assistant to the maintenance superintendent. The right man in this job can do much to reduce unscheduled shutdowns.

To the average manager, it may appear difficult to determine the savings resulting from a sound preventive maintenance program. However,

—P. F. GAYNOR, JR. and C. C. WINSTON (Wallace Clark & Company) in  
*The Paper Industry.*

these savings can be measured by keeping a running record of unscheduled downtime of machines caused by mechanical and electrical failures.

## How to Participate in the Production Allocation Program

**T**O CUT THE TIME required for placing military contracts in the event of all-out war, the Munitions Board has developed policies and procedures under which the facilities, equipment, and experience of industrial plants can be determined in advance—and production plans be made which can be set in motion immediately by the issuance of production contracts. This procedure is known as the Production Allocation Program.

To participate, a firm should contact the Procurement Planning Officer in the area where its plant is located and offer cooperation. Management should have on hand a breakdown of product or products produced during World War II, a breakdown of facilities and equipment, and definite suggestions concerning the type of product which can be produced efficiently.

The selection of facilities for which plans will be developed is based on the nature and quantity of a plant's output, and the strength and production "know how" of its management. The size of the facility is *not* the determining factor.

While the Production Allocation Program is mainly directed toward developing plans for prime contractor participation, direct planning is authorized on subcontracted items which are considered a potential bottleneck.

The Procurement Planning Officers will: (1) Initiate the process production planning with industrial manage-

ment. (2) Enlist management's active support and cooperation. (3) Advise and assist management in development of plans. (4) Assemble data on production capacity.

Schedules of Production relating to specific items are developed with the understanding that this is not a contract, but that in the event of war the management would produce the item if a satisfactory contract was offered. When accepting the Schedule of Production, management should: (1) Designate a company official or officials to serve as Industrial Preparedness Representative to assist procurement planning officers in planning production schedules for the plant, estimate production rates, estimate manpower requirements, etc. (2) Name selected subcontractors and suppliers from whom material would be required to meet the assigned production load. (3) Estimate requirements for additional machine tools and other industrial equipment to meet production schedules. (4) Based on World War II experience, indicate possible shortages of manufacturing resources of the community—such as power, fuel, water, transportation.

For further information on the Production Allocation Program, request a copy of the *Production Allocation Manual* on sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., at 45 cents per copy.

—*Mill & Factory*, Vol. 47, No. 5, 1950, p. 121:2.

### **An Effective Plan to Boost Production**

A TWICE-DAILY CHECK on 30 points in the production chain—each a potential bottleneck—and a mobile team of “specialists,” trained to take over any operation where a bottleneck threatens, have helped to increase productivity by 10 per cent at Preston, Brooke & Co., Ltd., clothing manufacturers, Elmwood Mills, Camp Road, Leeds 7, England.

To implement the program for raising productivity, the company erected a production target indicator in the machine shop; thus the situation as regards bonus earnings is always known to the operators. Colored lights indicate hourly production progress. A green light shows the target is being exceeded and bonus points are accumulating; yellow indicates the target is being reached, red warns that production is lagging behind the target figure. Two arrows in the center of the indicator show the number of points actually reached in comparison to the target.

Bonus incentive payment is based on the number of points earned by the factory as a whole. Allocation of points each week depends upon total output of all the productive workers in the factory, and the points are shared among the workers according to their individual wage rates and attendance records. Since the scheme was put into operation a year ago, workers' earnings have risen 10 per cent.

—*Target* (Central Office of Information, Norgeby House, Baker Street, London, W.L.) 1/51

### **Are Purchasing Departments Mobilizing for Shortages?**

WITH DEMAND FROM THE MILITARY increasing and little indication of a let-up in the heavy civilian call for goods, the outlook for industry is clouded over with many uncertainties. A recent *Purchasing* survey tried to find if, and how, the nation's purchasing departments have prepared to meet new problems posed by the rapidly changing military-economic picture. Some of the main findings are given below.

The survey showed that, in the opinion of 26 per cent of respondents, the current condition of acute material shortages would continue for six months; 25 per cent believed it would last one year; and 49 per cent expected no relief for a longer period.

Forty-two per cent felt that the recent NPA order limiting inventories and prohibiting the pyramiding of orders will have a stabilizing effect on the rush for materials, while 58 per cent returned a negative answer to that question.

“Yes,” was the response of 82 per cent to the question: “Do you find top management taking a more direct part in setting purchasing and inventory policies than under normal conditions?” Only 18 per cent failed to recognize such a trend.

While 40 per cent anticipated the necessity for setting up a special section in the purchasing department to handle requirements that may be imposed by government regulations, 60 per cent were of the opinion that such procedures could be handled with their existing personnel.

To the question, “In your company, is expediting a responsibility of the purchasing department?” there was a preponderantly affirmative response—97 per cent—against a negative response of only 3 per cent. However, only about one-fourth of the companies who answered affirmatively had found it necessary to expand the expediting staff, including full-time field expeditors. The remainder have to date been able to absorb such expediting with their present facilities.

—*Purchasing* 11/50



## Selling Employees on Waste Control

**T**ODAY'S SPIRALING COSTS of labor and materials, plus the necessity of stretching the available supply of materials and equipment to meet wartime needs as well as consumer demands, serve to emphasize the increasing importance of a program to control waste.

Campaigns against waste should be spaced at logical intervals to be most effective and should be varied to avoid monotony. One campaign, for example, may be directed entirely toward scrap. Posters showing each month's scrap arranged in piles with the costs in dollars and cents under each scrap pile can be used to point up a contest to eliminate excessive scrap. Months later a second contest can be directed against waste in the use of electricity, steam, water, and similar supplies—which may be running into thousands of dollars annually. A third contest can be tied in with plant housekeeping. By means of photographs taken in the plant, workers will see just how improper stacking of materials leads to waste or how tools poorly stored may be damaged. All sloppy and careless handling of tools, materials, and equipment can thus be emphasized.

The foreman plays a vital role in waste prevention. The steps he can take include giving instructions so clearly that every worker understands the jobs in process; keeping materials and finished stock moving; insuring that shop discipline is enforced so that loitering and other waste of time does not occur; setting good examples in

the conservation of materials and the proper handling of tools; insuring a periodic check of operations to see that: there is no unnecessary or careless handling of materials, excessive amounts of material are not being requisitioned, workers report faulty machinery or improper machine setup, trucks are not generally overloaded, other factors responsible for waste in handling or in production are minimized.

A successful anti-waste campaign recently conducted by the B. F. Goodrich Company, Akron, produced 13,555 suggestions from employees. For the 1,581 ideas accepted, Goodrich paid out \$48,276.25 in actual award money and added \$10,984.64 in grand and merchandise prizes.

The waste and spoilage reduction campaign recently launched by the General Electric X-Ray Corporation of Milwaukee produced a team spirit that paid off in a total waste reduction in the factory for the first 12 weeks of the contest amounting to \$23,289, or nearly \$2,000 a week. When the contest ended, the final standings of the divisions showed a total waste reduction of \$35,814.

To make a waste reduction program effective, plans should be set up well in advance, timing must be right, and there should be a constant variation in the bulletins, cartoons, and other material posted on the bulletin boards or used in the employee magazine.

—From *Selling Employees on the Importance of Waste Control*. The Dartnell Corporation, 4660 Ravenswood Ave., Chicago, Ill. 16 pages.

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**HOW BUSINESS GREW:** If big business stifled little business, the number of firms would decrease. Actually, the contrary has happened. There are four million businesses in the nation today, against 1,660,000 fifty years ago. This is an increase of 140 per cent, while the population during the same period increased only 97 per cent. Despite its size, big business tends to do a lessening percentage of the volume of all business. When the United States Steel Corporation was organized in 1901, it produced 66 per cent of all steel made in America. Today it produces 33 per cent of the nation's steel.

—Christian Economics

## Preventive Maintenance Can Cut Costs

**T**HIS YEAR the building maintenance program will be a top management problem in many a plant. With both labor and materials scarce, preventive maintenance and rebuilding to preserve existing plant and defer new construction will pay off as never before.

Systematic inspection and prompt repair can cut maintenance costs to a fraction of the bills for unplanned, "repair when you must" maintenance. Needed repairs and maintenance can be determined by a competent inspector making a thorough inspection of all parts of all buildings. Here are some pointers on what symptoms to look for:

Breaks in floors should be repaired at once. Patching concrete floors with concrete, even if well done, may result in quick cracking if loads on the floor are heavy. Plastic compounds for floor repairing, generally, are more satisfactory. Asphalt, composition, and wood block floors may be best repaired with the same material or with patching compounds specifically designed for the type of flooring. Heat is usually needed to set the patches so that they will give satisfactory services.

Worn stair treads must be replaced. Railings must be firm. Slip-proof treads must be slip-proof. Holes or cracks in which heels might catch must be eliminated.

The building inspector's report should have a special section covering interior walls. Continued spreading of cracks on inside walls may result from normal shrinkage or settling, or may indicate serious settling, inadequate footings, and the need for

a real overhauling of the building foundations.

Inspect the roof almost inch by inch. Repair crews, on large roofs, may even follow the inspector as he works. Finally, it is a good idea, to re-inspect the roof after it has been repaired. Examine every part of the roof for possible openings, nail holes, bulges or blisters, separation of seams, drying out of paper covering, cracks, or other deterioration. Inspect flashing carefully—particularly the wartime sheet-steel flashing. Check gutters, ducts, downspouts, and their retaining straps, bolts, and nails; ventilators, penthouses, skylights, and vents.

Now consider the exterior walls. Because every inch of the outside is exposed to weather, check it from coping to groundline.

Windows and doors take a lot of abuse. The inspector may find evidence of leakage around frames, may find frames rotting or rusting. Paint and caulking will fix the most obvious troubles.

Loading and shipping platforms are frequently abused and may be the source of many minor injuries to personnel. The inspector must check to be sure that nails and jagged splinters are removed. Loose planking, broken columns, and sagging and leaking roofs all call for prompt and effective repair.

The inspector has not finished his survey until he has turned in a written report. A good report lists every point requiring inspection, and provides space to indicate defects and their locations. The report should have a special space to list incipient trouble spots which should be rechecked at the time of the next inspection.

*—Practical Ways to Cut Operating Costs. Factory Management and Maintenance, 330 West 42nd St., New York 18, N. Y. 128 pages. 50 cents.*

OVER \$65 billion has been invested in industrial plant and equipment in the United States since V-J Day. Our working force is about eight million larger than it was 10 years ago.

### The Importance of Color in Marketing

**F**EW of us stop to realize that color affects our emotions. The fact that the consumer of advertised goods lives in a world of many colors, and that he is constantly under the stimulating or depressing influence of color, should prompt serious study of this important subject. We must realize that color affects us both physically and psychologically.

With regard to the physical side of color, it is important to know that a surface that reflects light will also reflect heat. Therefore, the lighter the color the more light and heat are reflected; the darker the color, the more light and heat are absorbed. This fact is important to know in painting objects whose contents may be affected by heat—for example, dairy, milk, ice, and floral trucks; advertising signs; gasoline storage tanks and oil tanks.

The visibility of colors is most important. On painted or printed surfaces, yellow can be seen further than any other color and should, therefore, be used on billboards and outdoor signs where long-range visibility is important. It should, however, be used sparingly on booklets, brochures, and folders that are naturally read at close range for, undiluted, it has a tendency to pull the eye from the text and cause difficulty in reading. The background against which any color is viewed is also important. The following combinations give maximum legibility in the order named: black on yellow, black on orange, orange on navy blue, green on white, scarlet-red on white, black on white.

After-image is another physical peculiarity of color. The eye, after being exposed to a color for a certain period of time, sometimes even 30 seconds,

becomes fatigued by that color and seeks its complementary. Thus, direct mailers know that in mailing to farmers in summer, green is a poor color to use and that folders printed in red bring better results. On the other hand, the use of green during the winter season is effective. The prevailing colors then are brown and white, and the farmer finds the sight of green a welcome change.

Symbolism and tradition are other important factors in the selection of colors. Blue and especially purple have always been associated with high achievement. Red has always symbolized danger, while green has long been associated with safety.

In addition to the above factors, the psychological effect of colors is extremely important. The stimulating colors, yellow, orange, and red, are generally classified as "warm" colors. Blue, green, and violet are sedative colors and are classified as "cold" colors. The former are obviously action colors; they get things done quickly. Red, of course, is the most volatile of these action colors, then orange and then yellow. It is a well-known fact that a pink (which is part of the red family) reply envelope will bring quick replies when inexpensive items are sold or when replies can be given without deliberation. If, on the other hand, a home freezer costing from \$200 to \$300 is being sold, the less stimulating return envelope of blue or green is suggested. Having a low emotional urge, it would remain on the buyer's desk, providing him with the means of communication should he finally reach a favorable decision.

There are other important factors

in color selection. These are the age, education, financial position, and geographical location of the consumer, and, finally, the weight of the color itself. Pure, vibrant colors appeal to young people, while older ones and those with more education and greater income prefer subdued or grayed colors. People with brown eyes (for example, South Americans) prefer the warmer colors of orange, red, and brown; people with blue eyes (Danes, Swedes, and Norwegians) prefer the cool colors

of green and blue. Finally, dark tones, which suggest weight, should be used when an impression of stability is to be created, while the addition of white to colors suggests lightness, nimbleness, and airiness.

In general, color selection is a complex subject, each problem requiring individual handling. A knowledge of the above factors, however, can prove helpful in the selection of colors for direct mail, advertising, packages, and, of course, the product itself.

—H. K. VAHLE. *Best's Fire and Casualty News*, December, 1950, p. 39:4.

## Sales Training in the Current Emergency

**T**HIS YEAR few new sales training plans will be instituted. Present training methods will be intensified, however, among companies anticipating continued production, and most training programs will be sufficiently elastic to permit alterations foreseeable for the next five years at least.

Companies selling to consumers via one or more distributors are this year seriously considering the indoctrination of public relations principles into their training programs. As one sales executive expressed it:

Any firm will do well to give greater consideration to public relations than in the past. General consumer advertising represents only a portion of public relations. The remainder depends to a large extent on improvement of relations between the manufacturer and his distributors, whether they be agents or dealers. A dealer who is happy with his source of supply will react favorably toward that manufacturer's product when placing it before the public.

Here are some of the methods sales management intends using to build up a trained sales force and increase sales volume:

1. A punch-card system that pro-

vides actual records of salesmen's calls and sales.

2. A more thorough and extensive job of training than was done at any time during the postwar period. More salesmen to be employed.

3. Closer supervision and more assistance to the agents' salesmen so they will be better equipped to sell more of the company's various products.

4. New salesmen to be introduced to the company's personnel and policies via a factory training program, to get actual experience with manufacturing and its problems.

5. Considerably more advertising, and far more thorough merchandising of the advertising through the salesmen.

6. A planned promotion on a selected list of preparations every month, supported by additional cooperative advertising from dealer representatives. Store sales personnel will receive training in the company's products.

7. More complete and more frequent coverage of territories by employing additional sales personnel.

8. "On-the-job" training for retail sales staffs by salesmen. Many com-

panies have found that dealer training programs are carried out most successfully by holding group meetings of dealers in one area, showing them

films on retail store improvement and sales techniques. These have been most enthusiastically endorsed by the retailers.

—*Marketing* (Toronto, Canada), January 13, 1951, p. 6:1.

### **Some Direct Mail Tips**

THE RESULTS obtained through direct mail are usually immediately related to the impression created by the mailing piece on its recipients. To pep up ailing direct mail, a number of companies are currently experimenting with the use of product scent, product samples, unusual paper or design in their mailing pieces.

The story is told of a book publisher whose warehouse was damaged by fire. He sent out a mailing piece impregnated with the smell of smoke and wet paper. This imaginative publisher not only sold his damaged stock of books, but had to reprint titles to fill the order. One bakery sent out blotters with the tantalizing scent of fresh baked goods; a mountain resort's mailing pieces are permeated with the scent of pine trees.

Scents are applied to mailing pieces in several ways. One is to mix the aromatic essence with the ink. Your ink house should do this to retain the proper scent and color. Odors applied this way are mild and might very easily be missed by a reader. To achieve an intense effect, the best method is to apply one drop of undiluted essence to the mailing piece. This may be done with an eye dropper. The paper should be absorbent, and best results are obtained with blotter stock. A workable alternative is stacking the pieces to be scented and brushing one or more edges with the undiluted solution.

The material on which your message appears can be selected for dramatic quality, for uniqueness, for showmanship, and perhaps as a demonstration of the product being sold. For instance, a letterhead or mailing piece might be reproduced on cotton cloth, linoleum, plastics, leather, oil cloth, wall paper, metallic paper, etc. Paper with deckle edges or fancy finishes—box papers and decorative wraps—tissue paper, onion skin, leatherettes, butcher paper and even coarse brown wrapping paper might be used.

The engraved letterhead or business card with its printing in relief immediately implies quality. Its use by professional men and large corporations has given printed matter the cachet of quality.

Thermographic printing is conventionally used as an economical substitute for steel die or copper engraving, but it has wide applications of its own. The process is simple. Sheets up to 24 inches in width are printed—powder is sprayed on—heated, and the excess shaken off. The finish can be dull or glossy, low or high, and it can be done beautifully in gold, silver, copper, or white on black. Thermography has been used effectively on covers for catalogs and price lists, posters, letterheads, invitations and greeting cards. For best results, avoid heavy solids; but there is no limitation as to line engravings, halftones, or type matter.

Probably most neglected in direct mail is the use of "flocking." This is the application of cotton or rayon fibers to cloth or paper. (Metallic particles and mica dust are sometimes used on picture postcards and greeting cards.) The process is a simple one. Thin glue is printed on the paper or the surface of the material to be flocked. The flock, which consists of short fibers, is dusted on and agitated to remove excess. Flocking devices range from simple handpowered units to large electric-powered machines which handle thousands of yards a day. Flocking can be done in any color on any size paper and the effect appeals to the touch and the eye.

—LEWIS KLEID in *Mail Order Journal* (212 West 50th Street, New York, N. Y.)



## Customer Relations in a Defense Economy\*

**T**HE SHIFT to a defense economy affects every company, bringing new and intensified problems in customer and other relationships. Obviously, problems of customer relations require individual solutions. But their nature is suggested in the following pointers, which have been adapted from the current plans and World War II experiences of a number of industrial companies:

1. Survey the advantages of turning sales advertising and product publicity into institutional and public-service channels. Companies whose products disappear both from the market and from public consciousness risk losing competitive ground that may be impossible to regain later.

2. Through direct contact, by mail and through advertising and publicity, let dealers know what they can, or cannot, expect—and why. Their sur-

vival may depend on such advance information.

3. If the company deals directly with the public (as in the case of public carriers or utilities) explain simply—before it happens—any factors that affect service or consumer supply.

4. If your supply or service is adequate for the expected demand, reassure customers that you will continue to provide needed products and services. If curtailment will be necessary, begin at once to prepare customers' minds for it.

5. Keep in touch with changing tastes and demands by continuing market and opinion surveys.

6. Even if your sales force is depleted and only partly trained, impress upon all the necessity of giving courteous service. This is particularly necessary to maintain loyal customers through shortages, substitutions and other irritations.

\* Excerpted from *Checklist for Management in a Defense Economy*, which covers eight aspects of company human relations activities. Copies of the complete checklist may be obtained from Pendray & Company, 55 West 42nd Street, New York 18, N. Y.

## Cultivating Today's Negro Market

**W**ITH marketing and management today undergoing convulsive changes, the rich American Negro market is coming in for some careful study.

The Negro population is increasing. Cities with formerly 2 to 5 per cent Negro population now can boast of 7, 10, and 12. Some, like Baltimore, have up to 20 per cent Negro population.

To get an idea of the economic soundness of the colored citizen-consumer, one needs only to look at the sharp increase in home ownership in that group. In 1940, 22.8 per cent of Negro families in the United States

owned their own homes. Now home ownership in that group has increased to slightly over 34 per cent for the country as a whole. Population rose from 12,865,518 in 1940 to more than 15,000,000 in 1950, which is confirmed by the new Census data. And so it goes. Births are up 28.2 per cent per 1,000; deaths have declined from 13.9 per cent to 11.4 per cent per 1,000 of population. Income has doubled, even trebled, depending on which market you are viewing.

Today the Negro market as a whole has purchasing power relatively stabilized around \$10 billion and, with the

continuing rate of growth economically and politically, will make further upward advances.

Around 1930 and before, there were scarcely more than a dozen important urban Negro markets in the entire country. And a few Negro newspapers served these few. Most Negro newspapers were embarked on a course of operating their media with a view to attaining national coverage. Local penetration except in a few isolated instances was not to be found.

In 1947, however, one could count some 52 important or major urban Negro markets. Together with their lesser contiguous markets, they reached and accounted for 73 cities with Negro populations to be reckoned with on any sales chart. Market research data from all sources began to show significant figures.

Companies with a "sense of social-consciousness" at top level have made the most progress in capturing markets and are maintaining positions of leadership—in some cases, outright dominance—of markets in many sections of the country, in many competitive fields, and with brand products available in the national market. Let's see what a few of them do to cultivate the Negro consumer in his own market.

In the West, the Continental Oil Co. has had a Negro heading its Negro

market operations and handling its public relations in this field for more than 10 years.

In the food field, Rumford Chemical Co. led off in the early 30's with two Negroes specializing in dealer sales and sales promotion which put Rumford products on top in the Negro market at that time. Moreover, the outstanding job done by its colored field force was such that other companies, to maintain their sales positions, began to do likewise. It is interesting to note that when the operation terminated because of change in management, Raymond Scruggs, one of the top men in sales promotional work among colored consumers, later opened and operated one of Detroit's most successful General Electric dealerships. And he retained his ownership after taking over the district managership of one of the largest local Michigan Bell Telephone Co. offices.

Pepsi-Cola was the first major soft-drink company to give consideration to the Negro market and its millions of consumers on the same basis as they considered all other people in the market place—solely as consumers. The psychological effect on the thinking of colored people was enormous. As a result Pepsi-Cola has garnered 40 per cent of the market in the Negro field.

—DAVID J. SULLIVAN. *Sales Management*, Vol. 65, No. 6, p. 154:5.

#### AMA NATIONAL PACKAGING CONFERENCE AND EXPOSITION

*The American Management Association's 20th National Packaging Conference and Exposition will be held April 17-20, at the Auditorium, Atlantic City, N. J.*

## Financial Management

### Executive Compensation and Pensions: A Survey

**T**HE AGGREGATE DOLLAR COST of top management tends to vary inversely with total gross sales, according to a survey of 1,275 companies recently completed by the Conference Board. The rates of aggregate compensation of officers and directors, the study points out, amount to less than half of one cent of the sales dollar in many large firms and as much as six or more cents in some smaller firms.

The highest-paid executive in three out of four companies was the president. Next in order was the chairman of the board; this was the case in approximately one out of five companies. Among the remaining 8 per cent of the companies, the highest-paid individual held one of 21 different positions.

Topping all industries in the aggregate amounts paid to officers and directors is the automobile industry. Average sales were also highest, however, so this peak compensation amounted to only 0.2 per cent of sales, one of the lowest percentages in the durable goods manufacturing group. Second-highest aggregate remuneration was reported by steel producers with blast furnaces. Their average compensation was also 0.2 per cent of average sales. In contrast, three manufacturers of screw machine products, with the low-

est average sales, paid their officers and directors the highest average proportion of sales, 5.6 per cent. While the percentage is high, the dollar total was relatively low.

The highest average aggregate compensation of officers and directors among nondurable goods manufacturers was reported by five cigarette companies. It was exceeded only by the automobile industry and the motion picture industry. This aggregate for cigarette companies, however, again amounted to only 0.2 per cent of the average sales. Meat packing companies paid their top managements an even smaller proportion of sales on the average, only 0.1 per cent.

The size of the estimated pensions that were reported for 1,545 of the three highest-paid executives varied widely. Approximately 13 per cent of the executives will receive, according to present estimates, less than \$5,000 a year on retirement. The majority, 62 per cent, expect between \$5,000 and \$15,000 a year.

Another 18 per cent of these executives anticipated annual retirement payments between \$15,000 and \$25,000. Only 7 per cent are presently scheduled to receive annual payments in excess of \$25,000.

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FOR THE FISCAL YEAR ending June 30, 1950, and before any of the recent Social Security liberalizations had gone into effect, \$727,000,000 was paid in benefits. The taxes collected from employers and employees in that fiscal year amounted to \$2,109,000,000. In 1951, the Social Security Administration estimates, the taxes will increase to approximately \$2,800,000,000 and benefit disbursements will be approximately \$2,000,000,000.

—HARRY G. WALTNER, JR. in *The Balance Sheet* 1/51

## Reducing Truck Fleet Costs

**H**ow can truck fleet costs be reduced? This question, often asked by those who operate truck fleets as a sideline to their regular businesses, may be answered by the following suggestions for cost control.

The purchase of the type of vehicle and equipment which is exactly suited for the company's needs will aid materially in keeping operating and repair costs within reason. For example, a chassis and motor sturdy enough to handle not only the maximum load anticipated but also an additional load is a safety factor which may keep repair costs low. Other factors to be kept in mind are tires especially chosen for different weights and hauls, auxiliary gas tanks for long hauls, and special grill work or extra heavy bumpers for congested city traffic. These and other items which may be needed should be ordered with the truck itself.

A choice may have to be made between operating a company garage and repair depot or contracting work to an independent service garage. Much can be said for and against each of these two methods of servicing truck fleets. However, if it is decided to farm out repair work, great care must be taken in choosing a service station and maintaining agreed-upon service.

The secret of low truck operating costs is preventive maintenance—taking care of minor adjustments or repairs before they occur or before they develop into major expenses. For this purpose, effective supervision is most necessary. The supervisor of fleet operations must be well-versed in truck operation and maintenance and should have a workforce adequate to the needs of the fleet. Periodic inspections must be made, drivers must be educated to report the slightest thing wrong with the vehicle, and corrections must be made promptly. Whatever can be done to eliminate expensive repairs should be undertaken.

An individual cost card for each truck, showing monthly comparisons between budgeted and actual expenses, will highlight some difficulties not otherwise apparent. This card may well include information on fixed costs of operation. The estimated life of a vehicle provides the starting point for fixed cost per year computations. For example, depreciation, based on the total capital investment less an estimated residual value, is converted into an annual figure by division by aggregate life. Finance charges, property taxes, and registration fees can be estimated easily and a yearly average for each obtained. Overhead and storage costs may be regarded as the total annual overhead expenses applicable to fleet operation, divided by the number of trucks. Insurance rates are usually standard and readily obtained. For property damage, a monthly schedule of loss ratio may be secured from the insurance agent. Other fixed charges—collision insurance, for example—may be included on the cost card if conditions warrant.

The cost card also contains columns for budgeted and actual monthly amounts for mileage and several other types of variable operating expense. The first item is the base figure of mileage, both budgeted and actual. Gasoline cost, which amounts to almost one-third of the total operating costs, is extremely important. The miles per gallon figures should be reviewed by the fleet supervisor as often as time permits and, in addition, special notices should be given him calling attention to unusual gasoline consumption. The lubrication budget can be estimated from past experience, while actual lubrication expense, as with gasoline cost, can be worked up from requisitions and vouchers. Other variable costs which should be entered on the cost card are budgeted and actual costs of repair labor, inspection

labor, washing and checking, replacement parts, tire and tube replacement, and such items as repainting and re-lettering, compressor inspection, repairs to special bodies, and breaking-in expenses. The reverse side of the card can be used for listing all pertinent data about the truck itself and details used in arriving at budget figures. The goal of the card is to achieve as

complete a history of the vehicle as possible.

In addition to the above-mentioned activities, each fleet operator, using imagination and ingenuity, can develop other practices which help to reduce truck operating costs. In general, however, the greatest force for reduction of truck fleet costs remains sustained effort along the lines of preventive maintenance.

—WALTER HARRISON. *NACA Bulletin*, December, 1950, p. 410:7.

## The Federal Tax Outlook

**B**RIDGING the \$16.5 billion gap between budgeted federal expenditures for 1952 and estimated receipts is an exceedingly difficult problem in fiscal engineering. The bridge can be constructed only of three sorts of materials: a cut in expenditures, a raise in taxes, or borrowing. Will to cut expenditures is in short supply in Washington. Tax increases can't easily win supporters among citizens who already feel too heavily taxed. Bankers know especially well the evils of borrowing to pay current expenses when the federal debt is already \$257 billion, when inflation is a current threat, and when personal and business income is high.

To raise \$71.6 billion by taxes would require a Spartan program, for \$16.5 billion of new tax money would have to be secured in addition to and on top of the very heavy taxes now being levied. We are already making use of all the kinds of taxes; and very little more money can be obtained from individuals without drastic cuts in living standards. The additional money would have to be produced, for example: (1) by the retention of present excises, plus a 10 per cent retail sales tax, which is a very stiff sales tax; (2) by the reduction in the personal ex-

emption from \$600 to \$500, and an increase in the starting rate of tax to 25 per cent, so that a married man with two children and a \$2,500 net income will pay \$125 instead of the \$20 he owes under present law; and (3) by an increase in the corporate rate from 47 per cent to 55 per cent. Such a program would certainly diminish incentives to work and to earn. Our system of corporate enterprise would be hard put to it to find money for development and expansion, for both dividends and retained earnings would be seriously reduced.

Few responsible persons would recommend that, in a time of high national income, the proposed budget deficit should be covered by borrowing. Moreover, inflationary pressures are already strong. If it is possible without serious damage to the economy to pay governmental and defense costs as we go, then we should do so.

There is a real opportunity to eliminate a good part of the budget deficit by cutting expenditures, without serious damage to defense needs. Too many non-defense expenditures have been retained in the budget, on the expressed theory that in some way they contribute to the defense effort. Since taxes are bound to be high, and



it will be hard to preserve the economy we are fighting for under the stresses and strains we must put upon it, all the various items of expenditure in the budget should be reviewed and subjected to the plain test: Is this expense or activity one of the essential functions of a government in a free economy? The program of loans can be cut; subsidies and aids to various economic groups and to state and local governments should be greatly reduced or eliminated; public works programs should be deferred until a later day. Experts believe the budget can be cut at least \$10 billion without affecting true defense needs at all.

That line of procedure is by all odds the most efficient way of starting to bridge the budget gap. Indeed, it is the only method that gives any real hope of solving our fiscal problems. If expenditures are cut \$10 billion, the remaining \$6.5 billion can be obtained by: (1) an increase in excises to yield about \$2.2 billion additional; (2) an increase in the corporate rate to 50 per cent (\$1.2 billion additional); and (3) a reduction in the individual personal exemption from \$600 to \$500. This rigorous tax program can be met cheerfully if Congress shows that expenditures have really been brought under control.

—From an address by ROSWELL MAGILL at the 32nd Midwinter Trust Conference, New York (*Trusts and Estates* 2/51).

### **An Untapped Source of Investment Capital**

RECENT ANALYSES show that wage earner families in 1949 had 50 per cent more discretionary spending power in total dollars than did all other non-agricultural families put together. The total amount in dollars in this reservoir was 36.6 billions as against all other non-agricultural families, which had 25.3 billions. These wage earner families are 60 per cent of all urban families and 50 per cent of total U. S. families.

Yet today, according to a recent survey of the 1,500-family Wage Earner Forum, conducted by Macfadden Publications, Inc., only 11.3 per cent of wage earner families own stock in any company. Stock in the company where the family head is employed is owned by 5.6 per cent, and 7.0 per cent own stock in some other corporate enterprise (1.3 per cent have both).

One-third of the wage earners state that it is safer to put the money in the bank than to put it in corporate stocks, while 10.8 per cent say that the interest in the bank is just as good as dividends on stock. Another 15 per cent say that buying stocks is "only for people who can afford to gamble." This indicates the field of education and information needed among this majority of the American public, in terms of their interests and understanding.

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JOB APPLICANTS and new workers are getting the royal treatment today from employers: Macy's has a television set in its employment office. RCA has name bands play during lunch periods in its Jersey plant. Curtiss Wright has placards all over its reception rooms. SMILE, say the signs. And the receptionist is a toothsome miss who meets every job hunter with a handshake and the friendliest of greetings.

But "circus" methods of recruiting new workers—sound trucks, helicopters, sky-writing—are frowned on by the government. Officials say channeling of personnel into defense jobs is more orderly and less wasteful when left to the State Employment Offices.

—*Executive's Labor Letter* (Bureau of Business Practice, New London, Conn.)

### **Pointers on Collecting Accounts by Mail**

LETTERS aimed at getting the reader to pay his bills should be brief, without being curt, specific, without being discourteous, and should have a human tone that will make the reader want to cooperate by sending a remittance promptly. Here are some tips that will help you get a favorable reaction from the reader:\*

1. Avoid irritating the reader with curt statements like: "We expect you to attend to this matter today." "If you cannot pay this bill at once, let us know when you can."

2. Avoid trite expressions that give your letter a perfunctory, stale tone, for example: "We note from our records," "If our records are correct . . ."

3. Enclose an addressed envelope to make it easy for the reader to send his check.

4. Avoid negative statements that are uncomplimentary to the reader. Example: "You have failed to show us even the courtesy of a reply."

5. Be sure to mention the amount of the bill in your letter (unless a statement accompanies the message).

6. Avoid any evidence of exasperation. This injures the effectiveness of your request for payment.

7. Make your letter appear to be individually typed. If it is obviously a form letter, the reader is less inclined to take it seriously.

8. Close your letter with a statement that stimulates action. Leave the reader thinking about the course you want him to take.

\* Reprinted with permission from *Check Lists of Advertising Essentials*. By *Printers' Ink* Editors and Contributors. Funk & Wagnalls Company, New York, 1950. 328 pages. \$4.75.

### **A Study of Corporate Profits**

A RECENT NAM STUDY of corporate profits in relation to prices showed that manufacturing as a whole did not average as high as 6 per cent profit margin on sales from 1930 through 1949. Historically, a 10 per cent average profit margin on sales for any major manufacturing industry is most unusual. The record of 20 industry groups for 21 years shows only 8 profit figures above 10 per cent, out of a possible 420. During the nine years 1941-49 inclusive, no major manufacturing industry had a final average profit margin as high as 10 per cent on sales.

—*Profits and Prices*. National Association of Manufacturers, 14 West 49th Street, New York 20, N. Y. 14 pages. Gratis.

### **Life Insurance Ownership Expanding**

LIFE INSURANCE has been adopted by U. S. families as the most widely used means of establishing family protection and family savings. More families own life insurance than own their own homes, or have savings accounts, or own U. S. Savings Bonds. Eight out of ten U. S. families own some life insurance.

There were 80 million individual life insurance policyholders in the United States at the end of 1949. On the average, each of these owned more than two policies.

Life insurance ownership has grown steadily over the years. In 1900, only 14 million life insurance policies were owned by U. S. families—193 million policies were owned at the end of 1949. In 1900, only \$7.7 billion of life insurance was owned—\$214.4 billion was owned at the end of 1949. In the ten years since the start of World War II in Europe, U. S. families have nearly doubled the amount of life insurance owned—from \$111.7 billion at the end of 1939 to \$214.4 billion at the end of 1949.

—*Life Insurance Fact Book: 1950* (Institute of Life Insurance, 488 Madison Ave., New York 22, N. Y.)

### Some Economic and Social Implications of Private Pension Plans

**T**ODAY'S spotlight on pensions and the retirement problem throws into focus a number of questions that arise as a result of the widespread adoption of pension plans by industrial organizations.

One is: What will be some of the effects of industrial pensions on union strength and policy? Such plans may increase the solidity and power of the union organization, since: (1) the union will receive credit for installation of the plan; (2) the union will be carving out a new managerial role for itself in the business enterprise if there is joint union-management administration of the pension program; (3) the requirement that an employee must be a member in good standing will be a stabilizing factor in union membership.

One effect on union policy may be that unions may join hands with business to achieve sound fiscal and tax policies, so pensions will mean real security for union members. Similarly, in the tax field, unions may interest themselves in a tax policy which will encourage private investment and business expansion to insure the preservation of the individual company.

Unions may become even more vitally interested in the maintenance of our productivity gains. In future years, population experts predict, the proportion of non-productive pensioners to productive workers in our economy will be greater than today. Failure of unions to interest themselves in high productivity now may ultimately force the issuance of so many claims against our goods and services relative to the capacity or willingness of our

economy to produce them, that the only alternative would be a dilution of the value of the claims.

A second question is: What will be the effects of the limited coverage of industrial pensions? Probably not over 50 per cent of the gainfully employed could be covered by private plans offering benefits of reasonable amounts.

A third question is: What is the impact of employee turnover on the effectiveness of private pension plans? Under the typical pension plan, an employee who leaves his employment, for any reason, before retirement age, forfeits his pension rights. On the other hand, the employee who has not served the usual 25 or 30 years will receive a reduced pension benefit. Yet a study of the labor market and turnover should convince anyone that only a minority of employees will enjoy full pensions under currently negotiated plans.

One of the suggested palliatives for this problem is the pooled plan covering an industry or an area. This would allow for some movement in the particular industry or the particular area. But what of the workers who go to another industry or area? Another suggestion has been to vest pension rights. This has the appeal of justice and equity, but the cost involved is prodigious and so is the complexity of administration.

If private pensions are to be meaningful, all interested parties should organize to study such problems as the following and to seek, through research, methods of eliminating the forces which weaken this voluntaristic

approach to economic security for the older person:

Can we prepare a packaged retirement educational program which employers and unions can utilize to make a retirement a rebirth rather than a slow death? Can we formulate a program that will instruct in the medical, psychological, educational, recreational, housing and employment challenges facing the older person, and also point

the way to the meeting of these challenges? Would a flexible retirement age solve some of the dilemmas of the current pension scene? How can we foster research and action in the employability of older people?

How can we solve the problem of job-transfer? Isn't there some centralizing technique to permit a worker to carry his pension credits with him wherever he may seek employment?

—From an address by LAWRENCE J. ACKERMAN at the Thirty-Second Mid-Winter Trust Conference, New York, February 6, 1951.

### **A Study of Fires in Fire-Resistive Buildings**

SEVEN HUNDRED AND SIXTY-FOUR lives were lost and \$25,000,000 property damage was caused in 32 fires in fire-resistive buildings since 1940, according to a recent study by the National Fire Protection Association's Department of Fire Record.\* Of the 764 fatalities, 35 occurred in manufacturing plants, 22 in warehouses, 32 in office buildings, 180 in hotels, 3 in a hangar, and 492 in a night club.

In the study, the Association seeks as follows to refute the all too common false belief that "fireproof" buildings are immune to serious fires: "What does fire-resistive construction not do? It does not prevent fires—accomplished by a fire prevention program for employees. It does not detect fires—accomplished by trained watchmen, alert employees, and automatic detection equipment. It does not guarantee the safe evacuation of the occupants—accomplished by adequate exits for safe escape from any part of the building. It does not limit fire spread—accomplished by fire divisions and fire partitions with all openings protected. It does not prevent vertical spread of fire—accomplished by enclosure of stairways, elevator shafts, and other vertical openings. It does not prevent explosion damage—accomplished by facilities for explosion venting. It does not prevent exposure from fire from involving the contents of a fire-resistive building—accomplished by fire doors, shutters, outside sprinklers, wired-glass windows, and removal of serious exposure hazards; and fire-resistive construction does not extinguish fires—accomplished by automatic sprinklers, fire extinguishers, special fire extinguishing equipment and private and public fire departments."

\* Available from the National Fire Protection Association, 60 Batterymarch Street, Boston 10, Mass. 50 cents.

TWO RECENT DEVELOPMENTS in personal protective equipment for workers are designed for maximum wearing comfort, thereby increasing the possibility that workers will use them: The first is a flexible air-fed hood for use in grinding operations, light sand blasting, paint spraying, etc. Comfort and freedom of movement are made possible by lightweight, flexible, rubberized fabric, quiet air feeding and a wide, impact-resistant window. The second, which provides eye protection, consists of a lightweight, pliable plastic frame and a removable lens, which can be interchanged with others, to provide various kinds of eye protection at less cost. The lens also fits into the safety spectacles made by the same company.

—Labor Checklist (Research Institute of America, Inc., 292 Madison Avenue, New York 17, N. Y.) 12/6/50.

## War Risk Problems of Workmen's Compensation Carriers

**I**N THE EVENT of all-out war and an atomic attack, will the workmen's compensation insurance carriers find themselves in the position of having made promises beyond their ability to perform?

The basic facts around which this question revolves seem to be these:

(1) There is no war risk exclusion in the workmen's compensation policy. (2) It is impossible for us to simply decide to put a war risk exclusion in the policy. In order to do that it would be necessary to go about changing all the state laws—an undertaking that would have small chance of success. (3) Russia has a supply of atomic bombs, that could be delivered upon American targets. (4) There cannot be any positive assurance that injuries from an atomic bomb attack, having as its target an important industrial area of a city, are not compensable.

What can be done to improve the companies' position? Change state laws? Get an exemption by way of a federal statute? Ask the government to reimburse us for any war risk losses we have to pay? Pool our losses? Ask the government to provide us with re-insurance facilities?

There is an active interest in this problem on the part of insurance supervisory officials. In a recent address

on the subject, Alfred J. Bohlinger, Superintendent of Insurance of the State of New York, suggested that all carriers pool their war risk losses and that the pool should retrocede the excess over its capacity to some form of government "War Damage Corporation."

This solution might possibly be attainable quickly. Among the advantages of such a plan is that it makes certain that we have some part in handling the problem. If we await a comprehensive governmental assumption, who can say what part we shall have? Also, it preserves to a maximum degree the role of private insurance in bearing risks which individual employers cannot bear. Who can foresee the outcome if we voluntarily wholly give up or partly withdraw from this position?

Of course, we fear having the government in partnership with us. As Robert E. Dineen, former New York Superintendent of Insurance, put it recently, we have a suspicion that the new partner may soon become the senior partner and end up being the surviving partner. But how controlling should this fear be? Perhaps such fears assume a lesser degree of importance as the transcending danger becomes closer and more apparent.

—From an address by FRANKLIN J. MARRYOTT before the annual meeting of the American Mutual Alliance in Boston (*The Weekly Underwriter*, February 17, 1951).

### AMA SPRING INSURANCE CONFERENCE

*The Spring Insurance Conference of the American Management Association will be held on Monday and Tuesday, May 14-15, at the Hotel Statler, New York City.*



## **The Outlook in Property Insurance**

WITH PROPERTY VALUES and costs rising, you may need more fire and casualty insurance this year. If so, you'll have no trouble getting it in 1951. After that, it may not be so easy. But now, the insurance business is passing a balance point between postwar inflation and a new inflationary period. It's well enough stocked up with surpluses to meet the costs of new business for some time to come.

Right after the war, the fire and casualty companies got more business than they could handle. So buyers often found it hard to get additional insurance. But the insurance shortage didn't last long. The increase in business volume tapered off in 1948 and 1949, and the insurance companies began to catch up with themselves. In 1949, stock fire and casualty companies had a record year of profits. Losses and expenses dropped, underwriting profit margins were good. That meant plenty of additional surplus funds to handle new business.

It's just as well. For the new inflation means business is likely to speed up again. During 1950, new fire insurance premiums were up only about 2 per cent, casualty premiums about 5 per cent. This was a smaller increase than the year before. But insurance underwriters see signs of more business ahead.

—*Business Week* 1/27/51

## **Truck Cargo Thefts Are Up**

THE NEED FOR truckers and shippers to get a thorough loss-prevention program under way at once was underscored recently by the Cargo Protection Bureau of New York. The Bureau was reporting a record 7,000 truck cargo thefts and hijackings for 1949, with \$40 million in values involved—nearly twice the total of only three years before.

Clothing led in number of thefts, its assured lead strengthened by many new load thefts not previously recorded, such as baby garments, girdles and shoes. Textiles were second, liquor third, and tobacco fourth. Television, which was not even on the lists three years ago, ranked fifth. Food was sixth. Money appeared prominently on the lists again, for the first time in many years. Theft of money from collection trucks were so frequent that they jumped into seventh place.

Miscellaneous items were 26 per cent of the total, contrasted with 18 per cent two years before, the growth being due to many new types of cargo thefts, such as sewing machines, adding machines, cutting machines, photographic supplies, medical supplies, toys, tools, musical instruments, and even diapers. Whole loads of these items were taken.

"These truck cargo thefts can be prevented," the Bureau claims. "Thousands of truckers are preventing them today. Billions of dollars' worth of goods will move this year with practically no theft hazard because of the prevention jobs now being done." But the Bureau indicated that billions more still need to be given the necessary protection, and this should be done without delay.

—*The Insurance Buyer* 8/50

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A RECENT SURVEY by the National Board of Fire Underwriters shows that only a small fraction of the number of losses suffered by policyholders in capital stock fire insurance companies ever result in litigation. The overwhelming majority of losses are settled without dispute. The survey was based on figures obtained from 18 member companies of the Board, selected at random, which write 39.5 per cent of the total net premiums written by all stock fire insurance companies. The total number of fire and extended coverage claims for the year 1949 reported by these firms was 1,249,728. Of these claims only 326 were in suit at the end of 1949.

—*Fire Insurance Facts & Trends* 10/50

## Survey of Books for Executives

**CLIMBING THE EXECUTIVE LADDER.** By George J. Kienzle and Edward H. Dare. McGraw-Hill Book Company, Inc., New York, 1950. 247 pages. \$2.95.

*Reviewed by Thomas H. Nelson\**

One of the many self-help books designed primarily for the would-be executive—the recent college graduate or down-the-line worker who dreams of “becoming a big executive” but has no real concept of the many specific requirements for dealing effectively with others—*Climbing the Executive Ladder* is written in simple, layman language, replete with excellent illustrative examples which make it readable and understandable to a wide audience.

The authors have sought to produce “a self-training course in human relations.” Having prepared courses in the subjects for group use, they apparently recognized the wide gap between *knowing about* human relations and actually *practicing* them in day-by-day contacts with people. Consequently, they have supplemented the very interestingly written text with a series of checklists and a self-rating scale to be used not only while reading but also “six months later” and “a year from now.” Any person who would study the text, seek to put its ideas into practice, and objectively rate himself during the succeeding year would get value from his effort.

Instructors or leaders of discussion groups in human relations could make good use of the book as suggested reading material for group members or as an aid in preparing their own outlines.

**NATIONAL SECURITY AND INDIVIDUAL FREEDOM.** By Harold D. Lasswell. A Research Study of the Committee for Economic Development. McGraw-Hill Book Company, Inc., New York, 1950. 259 pages. \$3.50.

A warning that “continuing crisis may undermine and eventually destroy free institutions” in the United States is sounded by a

noted political scientist, in this research report issued by the Committee for Economic Development.

The author (who is professor of law at Yale University and a member of CED's Research Advisory Board) examines the significance for the fundamental values of a democracy of the conflict, now dominant in the world, between statism and democracy. Specifically, the study looks at the continuing crisis of defense as it may affect these four principles of a free society: *civilian supremacy, freedom of information, civil liberties, a free economy.*

Lasswell declares that “the most drastic fate that could befall mankind, aside from physical annihilation, is the turning of the clock back from the hour of freedom, and the forging anew of the chains of caste in the heat of chronic crisis. This is the true measure of the peril represented by the garrison-prison state, which has already emerged in the Soviet Union, and which it is the aim of sound policy to prevent in the United States and elsewhere on the globe.

“Plainly,” says the author, “the national security of America demands all the sacrifices necessary to preserve American independence. This calls for the development of an American garrison to be defended against aggression. If the crisis continues for years, as seems probable, and rises to even higher levels of intensity, as seems likely, effective freedom of choice will be restricted by the necessities of defense. One urgent problem, which is the problem with which we are particularly concerned in this book, is how to keep these sacrifices of freedom at the lowest point consistent with national security, since an unnecessary loss of freedom is an unnecessary blow to security. Our aim is to prevent successful aggression by a totalitarian dictatorship without becoming transformed in the process into a garrison prison.”

Professor Lasswell's report assesses some of the formidable dangers ahead, measures them against the basic values and principles of American policy, and suggests alternatives of action open to the President, the Congress, the courts and the public.

\* Partner, Rogers & Slade, New York; and President, Executive Training, Inc., an affiliate company.

**CORPORATE TREASURER'S AND CONTROLLER'S HANDBOOK.** Edited by Lillian Doris. Prentice-Hall, Inc., New York, 1950. 1277 pages. \$12.50.

This working guide for treasurers and controllers in large and small businesses will prove equally valuable to accountants, auditors, production managers, systems supervisors, office managers, and others at top and middle management levels who are concerned with the analysis or control of company operations.

The work of 26 contributors who are well qualified by their positions in industry to write authoritatively on their fields of specialization, the *Handbook* is devoted primarily to methods for controlling costs in each area where costs originate—production, selling, accounting and record-keeping, and plant and equipment. These broad categories cover a wide variety of subjects, as a partial list of contents will suggest. Included are sections on: computation and use of the breakeven point; long-term financing; duties connected with stock and bond issues; external and internal audits; internal checks on errors and fraud; group insurance; pension planning; tax control procedures; dividend and surplus policies; cash administration; payroll activities; inventory procedures; accounts receivable and accounts payable control practices. The authors' concise and practical discussion of these subjects is supplemented by illustrations of hundreds of records, forms, reports, and other pertinent documents.

The *Handbook* has been carefully edited to eliminate any overlap in the work of its various contributors. Its chapters are independent of each other, but the book is organized so as to present the material in the order in which it should be learned. In addition to a comprehensive subject index, individual indexes have been prepared for each chapter.

**LEADING AND MANAGING MEN.** By Douglas C. Lynch. The Ronald Press Company, New York, 1950. 166 pages. \$3.00.

*Reviewed by Corlin O. Beum\**

If the reader has the patience to wade through a jungle of redundancies and homey

\* Dunlap and Associates, New York.

dialogue, he may find enough descriptive material in this volume to make the effort worth while.

The approach and presentation are practical. The material presented can be considered a contribution because it reflects the experience gained by the author over a long and successful career as a manager of men.

As stated in the preface, "The book's objective is to explore and develop the know-how of successful management, and to point up the results that can be obtained by using systems and practices in this profitable field."

The first objective, "... to explore ...," has been met quite adequately. There can be no argument with the descriptive statements and principles with which this book is sprinkled. For instance:

All executives and managers manage their businesses, but only a few manage their men. [Page 3]

If these managers were to take the time from their everlasting pre-occupation with the minutiae and detail of their day-to-day activities to give some thought to the broad pattern of what they are doing, what rewards they would reap! [Page 5]

Why, then, are there so many unsuccessful managers and executives ...? The answer lies in their selection and training ... proper weight has seldom been given to the candidate's ability to handle men. [Page 7]

As a general practice we assume, with a naivete that is astonishing, that a good salesman will make a good sales manager, or that a good engineer will make a good chief engineer. [Page 8]

The fundamental and required principles for a good executive are four: (1) he must assume in his own mind complete responsibility for himself, his men, and his organization; (2) he must be absolutely selfless in his considerations; (3) he must be mentally conditioned and prepared to do whatever his duty demands; and (4) he must have a real appreciation of the worthwhileness and basic goodness of the human being. [Page 17]

There are many more such principles listed under the various chapter headings. The bulk of the book is composed of material describing, explaining, and pointing out applications of these principles. The chapter, "The Daily Grind," contains an outline for an executive training program, consisting of a series of lectures or meetings. An outline for 12 lectures is presented.

The second objective, "... to develop ...," has not been so clearly attained. It is well worth while to point out and describe the qualities of a "good leader or executive," but how do you go about developing these qualities? The traditional approach suggested by the author has been to observe and imitate a successful person. This method has its value, but it also has limitations. The limitations can probably best be described and brought home by pointing out the cur-

rent trend away from the apprentice system in most of the skilled trades and professions. Perhaps the best way to develop the qualities necessary to be a "good leader" is to teach them as part of an intensive training program.

A book which is aimed at the development of know-how of successful management should make some attempt to explore the basic psychological concepts involved. The method of introspection is no longer the primary technique of solving or gaining insight into psychological problems. The results of some experiments, or at least a comparison of methods, should be included in a book devoted to developing "know-how."

This book will probably be useful to persons organizing management training programs as a convenient source of quotable material to be included in their syllabuses. It is not recommended for readers making a serious attempt to understand the underlying principles of leadership.

**THE NEGRO IN AMERICAN BUSINESS.** By Robert Kinzer and Edward Sagarin. Greenberg Publisher, New York, 1950. 220 pages. \$2.50.

*Reviewed by Ernest Kaiser\**

*The Negro in American Business* must be considered as a continuation of the studies already made by Abram L. Harris (*The Negro as Capitalist*, 1936), Joseph A. Pierce (*Negro Business and Business Education*, 1947), and Vishnu V. Oak (*The Negro's Adventure in General Business*, 1949). Although, as Arthur Spingarn has pointed out (*Crisis*, February, 1951), the Kinzer and Sagarin book is based solely upon secondary sources, it does represent a laudable attempt at interpretation of the conflict between separation and integration in Negro business.

The general orientation of this book is that of Charles S. Johnson's *Into the Main Stream* and Anson Phelps Stokes's *Negro Status and Race Relations in the United States*. That is to say, the main emphasis is upon the best practices in race relations leading toward full integration in the long run.

Kinzer and Sagarin trace the historical roots of Negro business from the slave artisan and craftsman in the South and

skilled free Negro in the North through the Reconstruction and post-Reconstruction periods (Freedmen's Savings Bank and Trust Co.) to the formation of the National Negro Business League by Booker T. Washington in 1900. Then they discuss Negro migration from the South to the North before and after World War I and the effects of this migration on Negro ghetto business in the North. In addition to the history of Negro banking and insurance generally North and South and the fluctuations in Negro farm ownership over the decades, the authors describe the present status of Negro insurance, banking, savings and loan institutions, press and retail and service fields. There is also an excellent analysis of the Negro market. In the final sections of the book, other American minorities are compared and contrasted with Negroes in terms of separation and integration and there are an appendix containing case histories of particular industries and businesses and an excellent eight-page bibliography which lists virtually all the important writings on Negro business with the exception of C. C. Spaulding's 50-year survey for *The Courier* (Negro newspaper) in 1950. (This study came out too late for inclusion in the book.)

Since the book is important mainly as a critique or an analysis of the ideology of Negro business, a brief discussion of its approach and conclusions is in order. The authors seem to be setting up a frame of reference for a discussion of Negro business; they seem to be trying to see what is possible in Negro business today in relation to Negro education, health, housing, recreation, public accommodations, and the like. In other words, they are trying to see Negro business with the Negro's almost totally segregated way of life as a sociological backdrop. But they finally end up by taking an ethical, Christian position on the problem of Negro integration similar to that of Gunnar Myrdal and E. Franklin Frazier. This is a laudable position but hardly tenable sociologically.

For example, Kinzer and Sagarin admit that the problem of Negro business is tied up inextricably with the general Negro problem in America. But if limited Supreme Court decisions affecting restrictive covenants (housing) and graduate and professional education and weak state and city FEPC's affecting employment do not lead to integration generally for Negroes, why do the authors believe that the Negro business men

\* Schomburg Collection, New York Public Library.

can integrate if they want to? The decision doesn't seem to be up to the Negro business men at all. On the contrary, the white business men who have erected the walls of segregation and discrimination against Negroes must make the decision, for these walls determine the nature of Negro business. The authors admit that there is very little integration anywhere; that white manufacturers make and market cosmetic products primarily for the Negro market; that Robert Weaver's *The Negro Ghetto* reveals that Negro ghetto segregation patterns have strengthened in the North during the last few decades. Yet one of the main emphases of the book seems to be Negro business failures due to inexperienced Negro owners and executives.

The authors themselves (not the Negro business men) seem to be in an ideological dilemma, since Negro consumer demands are even less different from those of the

entire population than those of Jews and Italians and since Negroes have the same language, customs, religion and general concepts as the entire population. But Negroes are the least integrated group in America. Kinzer and Sagarin know that W. E. B. DuBois and Abram L. Harris have indicated in their writings the inevitable and necessary development of a weak, separate, stunted Negro economy leading nowhere in American capitalism. But while DuBois and Harris think that the only solution to this is an integrated society based on the unity of Negro and white labor (i.e., a form of socialism with American capitalism replaced), Kinzer, Sagarin, and E. Franklin Frazier think that the solution is gradual integration of Negroes into the American capitalist economy. DuBois and Harris may not be right; but there is no real evidence that Negroes are at present or will in the foreseeable future be integrated into the American capitalistic economic system.

### Briefer Book Notes

(Please order books directly from publishers)

#### General

**PUBLIC OPINION—1935-1946.** Under the editorial direction of Hadley Cantril. Prepared by Mildred Strunk. Princeton University Press, Princeton, N. J., 1951. 1191 pages. \$25.00. A monumental compilation, under the editorial supervision of the director of Princeton's Office of Public Opinion Research, of the results of nationwide opinion polls conducted by 23 organizations in 16 countries from 1935 to 1946. The result is a compendium of opinion on almost every subject of public interest—foreign relations, taxation, industry and agriculture, education, religion, politics, finance, unemployment, the atom bomb, crime, the entertainment world, international cooperation, every major aspect of World War II, etc. Results of the surveys, which are classified by subject matter for convenient reference, represent opinion in the U. S., the British Empire, and the European Continent. Policy makers, editors, economists, government officials and all others concerned with public reaction to current events will find it a storehouse of information.

**ECONOMICS OF NATIONAL SECURITY.** Edited by G. A. Lincoln, W. S. Stone, and T. H. Harvey. Prentice-Hall, Inc., New York, 1950. 601 pages. \$6.65. This book provides a comprehensive account of the scope and nature of the economic problems which have arisen from our country's anti-aggression policy. "Peace through power" and "mobilization for survival" are two of its major tenets. In this connection, the authors treat thoroughly such important aspects of the total security picture as wartime emergency organization, the economic effects of our alliances with other nations, the current industrial mobilization program, how the Armed Forces buy goods, principles of war finance, and economic controls on the home front—prices, rationing, wages and manpower. The editors and contributors are members of the Department of Social Sciences of the United States Military Academy at West Point.



**THE LONELY CROWD: A Study of the Changing American Character.** By David Riesman, in collaboration with Reuel Denney and Nathan Glazer. Yale University Press, New Haven, Conn., 1950. 386 pages. \$4.00. A social scientist's evaluation of the changing American character, especially as it is reflected in our leisure-time interests and activities.

**RATIO ANALYSIS OF SELECTED 1947 CENSUS OF MANUFACTURES FIGURES FOR INDUSTRIES AND INDUSTRY GROUPS: *Percentage Changes Since 1939.*** Compiled by the staff of the Bureau of Business Research, College of Business Administration, Boston University, Boston, Mass., 1950. 48 pages (11" x 17"). \$2.75. Brings together in compact form significant ratios and percentage changes in American industry as shown by the 1947 Census of Manufactures, for the use of economists, investment analysts, students of industrial trends, and business executives who wish to compare the ratios in their own industry with those of others. The Census data reprinted in this study are as follows: number of establishments; number of employees; total salaries and wages; cost of material, fuel, electricity, and contract work; value added by manufacture; numbers and wages of production and related workers; value of products shipped. Since ratios and percentages printed alone would lose much of their significance, the Census data from which they were computed are given in adjacent columns in each table.

**A PHILOSOPHY OF PRODUCTION.** By Francis B. Willmott. Christopher Johnson Publishers Ltd., 109 Gt. Russell St., London, W.C.1, 1950. 173 pages. 7s. 6d. A British manufacturer discusses his personal philosophy of human relations in industry and describes a program entailing joint consultation, use of incentives and profit-sharing which enabled the company to increase its output by 74 per cent in 18 months.

**INVENTORIES AND BUSINESS CYCLES—With Special Reference to Manufacturers' Inventories.** By Moses Abramovitz. National Bureau of Economic Research, Inc., 1819 Broadway, New York 23, N. Y., 1950. 632 pages. \$6.00. Presents the results of an intensive research study of inventory statistics to determine how inventories have moved during business cycles and what influence they have had on business activity.

**COMPULSORY MEDICAL CARE AND THE WELFARE STATE.** By Melchior Palyi. National Institute of Professional Services, Chicago, 1950. Available from The Committee for Constitutional Government, Inc., 205 East 42 Street, New York 17, N. Y. 156 pages. \$2.00. An analysis of the political, social and economic implications of socialized medicine, based on a study of governmentalized medical care systems on the continent of Europe and in England. It is the author's thesis that these systems have always been used to augment and strengthen controls by politicians and bureaucrats, and that, if implemented here, the result would be a general deterioration of medical services and an impairment of our political and economic freedoms.

**WATER IN INDUSTRY.** Economic Policy Division Series No. 36, National Association of Manufacturers. 14 West 49 Street, New York 20, N. Y., 1950. 51 pages. Gratis. Presents results of a survey of water use in industry conducted by the National Association of Manufacturers and the Conservation Foundation to determine the adequacy of present and future water resources. Reports current sources of supply, types and size of industrial operations as related to water utilization, facilities for treating water, re-use, disposal, and other related aspects of the subject.

## **Personnel Management**

**QUESTIONS AND ANSWERS ABOUT EMPLOYMENT ON MERIT.** American Friends Service Committee, Inc., 20 South 12 Street, Philadelphia 7, Pa., 1951. 20 pages. Gratis. States the case for fair employment practices in practical and convincing terms and discusses many of the questions that arise when the hiring or upgrading of a member of a minority group is contemplated—for example: How can the board of directors and stockholders be convinced that fair employment is good business? If I'm convinced about fair employment and willing to try it, what general plan shall I follow? What problems of integration can be anticipated, and how should they be handled? This booklet is highly recommended for its mature and constructive answers to these and other related questions.

**JOB EVALUATION PRACTICES.** Mimeograph release number two, Industrial Relations Center, University of Minnesota, Minneapolis 14, Minn., 1950. 119 pages. These proceedings of a conference held at the University's Center for Continuation Study contain some excellent papers on basic systems of job evaluation, collection of job evaluation data, joint union-management evaluation, applications to managerial, supervisory and staff jobs, uses of job evaluation in small companies. Both union and management viewpoints are represented.

**MANPOWER PLANNING FOR NATIONAL EMERGENCY.** Group Division, Policyholders Service Bureau, Metropolitan Life Insurance Company, One Madison Avenue, New York 10, N. Y., 1950. 68 pages. (Issued to Metropolitan Group Policyholders. Limited supply available to fill requests of other executives.) This helpful guide discusses the steps in auditing of present manpower resources, analyzing and identifying key jobs, anticipating the need for replacements, and estimating labor requirements for emergency operations. Also reviews company military leave policies and provides some guides for tentative determinations of draft status among various personnel groups.

**WOMEN IN HIGHER-LEVEL POSITIONS.** *Bulletin No. 236.* Women's Bureau, United States Department of Labor, Washington, D. C., 1950. 86 pages. 25 cents. Available from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Contains some interesting information on management attitudes relating to the appointment or promotion of women to higher-level jobs, based on a study of positions of responsibility held by women in four fields—in department stores, in home offices of insurance companies, in banks; and in manufacturing.

**EYES AND INDUSTRY** (formerly *Industrial Ophthalmology*). By Hedwig S. Kuhn, M.D. Second Edition. The C. V. Mosby Company, 3207 Washington Blvd., St. Louis 3, Mo. 378 pages. \$8.50. A comprehensive review of the visual problems peculiar to industrial production and of their treatment. The author, a distinguished specialist in this field, discusses the means of screening out defective vision, of testing and correcting visual defects, of providing protective services and appliances to prevent direct accidents due to faulty vision, of proper placement of workers in jobs suitable to their visual abilities. In addition, a special chapter by Albert C. Snell, M.D., on medical and surgical care to eye injuries presents the latest medical facts on this subject.

**MY JOB CONTEST.** By Chester E. Evans and La Verne N. Laseau. *Monograph No. 1, Personnel Psychology*, 1727 Harvard Street, N. W., Washington 9, D. C., 1950. 292 pages. \$3.50 (cloth), \$2.50 (paper). This report on the General Motors "My Job" contest covers all aspects of the program from its inception through the final summation of the findings and evaluation of the results. Of special interest is the discussion of the research job which involved analysis of 174,854 contest entries. Appended are reproductions of some of the materials used in the promotion, planning and administration of the contest, a random sample of 25 employees' letters, the coding manual used in reducing employee letters into the 77 themes coded, and other materials which will be of assistance to any companies interested in sponsoring a similar contest.

**A STUDY OF THE DEVELOPMENT OF THE SMALL COLLEGE NON-ACADEMIC PERSONNEL PROGRAM.** By E. Clarendon Smith. The College and University Personnel Association, Champaign, Illinois, 1950. Available from Ruth E. Harris, University of Illinois, Urbana, Illinois. 141 pages. \$2.00. A study of the personnel programs for employees, other than faculty and administration, in 81 small colleges. Includes information on employment practices, length of workweek, salary ranges, number of paid holidays, vacations, sick leave, and other similar data.

**TRENDS AND PROBLEMS IN UNEMPLOYMENT INSURANCE.** University of Illinois Bulletin, Volume 48, Number 6. University of Illinois, Champaign, Illinois, 1950. 35 pages. 10 cents. A detailed discussion of existing unemployment insurance legislation and of the arguments for and against modification of the present system.

**THEORY OF MENTAL TESTS.** By Harold Gulliksen. John Wiley & Sons, Inc., New York, 1950. 486 pages. \$6.00. Brings together the technical developments in test theory

of the last 50 years (material previously scattered throughout many different books and periodicals) in one convenient and authoritative source. Intended primarily for those working in test development.

**INDUSTRIAL RELATIONS POLICIES AND PRACTICES FOR A NEW DECADE:** *Proceedings of the 31st Annual Session of the Southern Industrial Relations Conference, 1950.* 112 pages. (Address E. G. Wilson, 618 Walton Building, Atlanta, Ga.). Papers on management's philosophy of human relations, communication, free enterprise, and on such specific aspects of personnel administration and industrial relations as supervisory selection and training, by-products of job evaluation, the role of the personnel department in cost reduction, etc. Authors include Douglas McGregor, Eugene J. Benge, Raymond S. Livingston, Guy B. Arthur, Jr., Stefan Osusky, and others.

**COMMUNICATION WITHIN INDUSTRY:** *Principles and Methods of Management-Employee Interchange.* By Raymond W. Peters. Harper & Brothers, New York, 1950. 198 pages. \$3.00. Presents the methods successfully developed in recent years to achieve a closer working understanding between management and workers, based on an extensive study of employer-employee communication recently conducted by the Esso Standard Oil Company as a basis for improving its own program.

**A CAREER IN INDUSTRIAL RELATIONS:** *With a Glossary of Industrial Relations Terms.* By Arthur O. England and Henry Laurent, Jr. 86 pages, mimeographed. 1950. Limited number of single copies available at no charge from A. O. England, 936 Grand Avenue, Dayton 7, Ohio. Of interest equally to those who have newly entered the field of industrial relations or those preparing to do so, as well as to vocational counselors, this study describes in some detail the work of the industrial relations director and his staff and the types of training and preparation required for it. Also presents some suggestions to industrial relations personnel to help them put across their programs and to evaluate the effectiveness of their work. The glossary provides concise definitions of the terms used in industrial relations and personnel management.

## **Industrial Relations**

**PROCEEDINGS OF NEW YORK UNIVERSITY THIRD ANNUAL CONFERENCE ON LABOR:** *Trends in Collective Bargaining and Labor Law.* Edited by Emanuel Stein. Matthew Bender & Company, Inc., Albany 1, New York, 1950. 689 pages. \$8.50. This collection of papers on current trends and developments in collective bargaining represents the work of some of the most distinguished authorities in the industrial relations field. The authors discuss current problems and prospects in bargaining, the nature and use of various types of collective bargaining data, health and welfare funds and pensions, labor arbitration, implications of the amendments to the FLSA, developments in labor-management relations under the Taft-Hartley Act, developments in state legislation, questions arising out of the recent expulsion from the CIO of various international unions, and other aspects of collective bargaining which will be of immediate interest to those in the field.

**CAUSES OF INDUSTRIAL PEACE UNDER COLLECTIVE BARGAINING--MARATHON CORPORATION AND SEVEN LABOR UNIONS.** *Case Study No. 8,* National Planning Association, Washington, D. C., 1950. 63 pages. \$1.00. This new case study, like others in the series, adds further evidence that constructive and reasonable attitudes of employers and of union representatives toward bargaining are far more important in achieving industrial peace than outside factors such as the size, profitability or location of the company or the number of unions involved. A highly readable and instructive case account.

**MANAGEMENT STRATEGY IN COLLECTIVE BARGAINING NEGOTIATIONS:** *How to Negotiate and Write a Better Union Contract.* By William J. Baade, Jr., with the assistance of Morris Stone. National Foremen's Institute, Inc., Deep River, Conn., 1950. 198 pages. \$5.00. Provides some helpful background material for successful bargaining, pointers on bargaining strategy, information on legal aspects of bargaining, and on the writing of the agreement. A wide variety of specimen contract clauses are included.

**PROVIDING FACTS AND FIGURES FOR COLLECTIVE BARGAINING—THE CONTROLLER'S ROLE.** A survey by Earl Brooks, N. Arnold Tolles and Richard F. Dean. Controllershship Foundation, Inc., One East 42 Street, New York 17, N. Y., 1950. 86 pages, spiral bound, \$5.00. This research study based on the experiences of over 40 companies tells what facts to present and what records to keep in order to tell management's side of the story in labor negotiations, arbitrations and fact-finding investigations.

**STORES AND UNIONS: A Study of the Growth of Unionism in Dry Goods and Department Stores.** By George G. Kirstein. Fairchild Publications, Inc., New York 3, N. Y., 1950. 246 pages. \$7.00. Tracing in detail the history and causes of unionism in department, specialty and dry goods stores, this book is intended to give store executives the factual background needed to handle union negotiations. The author cites some interesting case histories to illustrate the operating problems the merchant faces when the union comes in and the solutions which some have adopted.

## **Production**

**PRODUCTION MANAGEMENT SURVEY: A Survey of Industrial Engineering Practices of Industrial Companies in the Los Angeles Area.** By Ralph M. Barnes and J. Bryan Sullivan. Bureau of Business and Economic Research, Southern Section, University of California, Los Angeles, Calif., 1950. Presents results of a survey of industrial engineering practices conducted among 67 typical companies engaged in manufacturing and processing within the greater Los Angeles area. Includes data on the size, composition and organizational setup of the industrial engineering department, practices in developing and applying standards as a basis for wage incentives, percentage of direct and indirect workers on incentives, average earnings above base rates, extent of union participation in time study, and other related subjects.

**PROCEEDINGS OF THE FIFTH ANNUAL TIME STUDY AND METHODS CONFERENCE.** Society for Advancement of Management, 84 William Street, New York City, N. Y., 1950. 142 pages. \$3.00. 15 papers on various aspects of time study and work measurement. Subjects include the following: improving methods on indirect work; maintaining standards under changing conditions; setting standards on maintenance and other indirect work; rating of time studies; setting standards on office work; design for a methods training course.

**INSPECTION ORGANIZATION AND METHODS.** By James E. Thompson. McGraw-Hill Book Company, Inc., New York, 1950. 369 pages. \$5.00. This book will help industrial executives to set up an effective inspection organization, establish an adequate inspection plan, and determine procedures to be followed in maintaining quality level with minimum expense. Emphasis is on organization of the inspection department and practicable methods for controlling and recording the flow of work to insure integrity of the product and maintain harmonious relations with other factory departments.

## **Marketing and Sales Management**

**SALES EXECUTIVES' HANDBOOK.** Edited by Harry Simmons. Prentice-Hall, Inc., New York, 1950. 790 pages. \$10.00. Every major aspect of the marketing process is covered in this reference work which brings together the writings of more than 20 specialists in sales forecasting and budgeting, market research, export selling, personnel administration for the sales organization, advertising and promotion, public relations, and other important branches of sales management.

**SALES PROMOTION.** By Alfred Gross and Dale Houghton. The Ronald Press Company, New York, 1950. 434 pages. \$5.00. A practical guide to techniques of sales promotion in three major areas: First, sales promotion work within a company's own marketing division, including those activities which supplement personal selling and advertising. Second, liaison between a company and its dealers for the purpose of stimulating sales.



Third, liaison between a company and its consumers, by means of premiums, contests, samples and education for the purpose of maintaining consumer satisfaction and stimulating demand. Also covers the promotion work of trade association, sales promotion activities abroad, and sales promotion research.

**CASE HISTORIES OF SUCCESSFUL MARKETING.** By Hector Lazo. Printers' Ink Business Bookshelf Series, Funk & Wagnalls Company, 153 East 24 Street, New York 10, N. Y., 1950. 261 pages. \$4.75. Presents 55 case histories involving typical marketing problems and their solutions. Covers many aspects of the marketing of consumer and industrial goods, with solutions entailing changes in pricing, packaging, salesmanship, consumer and sales research, distribution channels, dealer relations, branding and labeling, merchandising methods, market research, etc. Indexed by topic for convenient reference.

**THE RETAILER: The Role of Modern Retailing in the United States.** By Wenzil K. Dolva and Donald K. Beckley. Prentice-Hall, Inc., New York, 1950. 417 pages. \$6.00. This introductory college text presents the essentials of retailing, analyzing its functions from four viewpoints: the relationship of the retailer to the producer, to the consumer, to other retailers, and to the government.

**HOW YOU CAN SELL TO THE GOVERNMENT.** By Harry A. Rochester. B. C. Forbes & Sons Publishing Co., Inc., 80 Fifth Avenue, New York 11, N. Y., 1950. 366 pages, loose-leaf. \$7.50. Basic data on the marketing activities of the United States government. Discusses policies and procedures governing federal purchasing; government information and other sources of data for prospective sellers; types and provisions of federal contracts; the processes of buying and marketing; and other important aspects of the subject. Also includes a directory of federal purchasing, reproduction of the Armed Services Procurement Act, reproductions of standard forms, and a glossary of federal purchasing procurement terms and abbreviations.

## **Insurance**

**AGENT'S AND BUYER'S GUIDE.** 1950 Edition. The National Underwriter Company, 420 East Fourth Street, Cincinnati 2, Ohio. 593 pages. \$5.00. The present edition of this standard reference work includes five new sections: The Check List of Prospects (showing which coverages defined and discussed in the *Guide* are intended for each of a number of major types of business or personal risks); Large Losses of 1949; Definitions of Coverages (describes virtually all forms of insurance available today); Survey Analyzer (discusses important points which should be checked under each coverage to be sure that it is properly written and accords adequate protection); and a section on Qualifying Powers of Surety Companies, which should be useful to anyone whose business includes handling bonds required on federal contracts. This edition also brings up to date other sections on: developments in coverages, recent court decisions, interpreting insurance contracts, summary of replacement cost insurance by states, non-resident countersignature and commission laws, directory of insurance buyers organizations, and directory of leading insurance offices.

**A DIGEST OF MARINE INSURANCE.** By Hugh A. Mullins. Rollins Burdick Hunter Co., 116 John Street, New York 7, N. Y., 1950. 188 pages. Loose-leaf bound. Single copies available to insurance executives requesting them on their company letterheads. Written in the layman's language, this manual presents the elements of marine insurance in convenient reference form. A useful guide for merchants, shipowners and others whose business involves marine transportation.

## **Office Management**

**SAFEGUARDING RECORDS FROM AIR RAIDS.** Group Insurance Division, Policyholders Service Bureau, Metropolitan Life Insurance Company, One Madison Avenue, New York 10, N. Y., 1950. Issued to Metropolitan Group Policyholders; limited supply available to fill requests of other executives. This report presents the results of a survey conducted in 1942 and reflects practices in effect during World War II. It has been reissued in 1950 since the contents are believed to have continued application at this time. Discusses responsibility for record protection; determination of records to be safeguarded; methods of safeguarding records. By way of illustration, five representative companies' programs for record protection are described.



## Publications Received

(Please order directly from publishers)

### GENERAL

**CAREERS THAT CHANGE YOUR WORLD.** By James Keller. Doubleday & Company, Inc., New York, 1950. 302 pages. \$2.00.

**THE FUTURE OF DEMOCRATIC CAPITALISM.** By Thurman W. Arnold *et al.* University of Pennsylvania Press, Philadelphia, Penna., 1950. 112 pages. \$2.00.

**MAJOR PROBLEMS OF UNITED STATES FOREIGN POLICY: 1950-1951.** International Studies Group, The Brookings Institution, Washington, D. C., 1950. 416 pages. \$3.00.

**MILITARY MANAGEMENT FOR NATIONAL DEFENSE.** By John Robert Beishline. Prentice-Hall, Inc., New York, 1950. 289 pages. \$5.00.

**SUMMARY OF PUBLIC RELATIONS CONFERENCE.** University of Southern California, University Park, Los Angeles, Calif., 1950.

**PROCEEDINGS OF THE SEVENTH ANNUAL CONFERENCE ON RESTAURANT MANAGEMENT.** College of Commerce and Administration, Ohio State University, Columbus, Ohio, 1950. 80 pages.

**SMALL BUSINESS CASE BOOK.** By William M. Hoad. University of Michigan Press, 311 Maynard Street, Ann Arbor, Mich. 1950. 56 pages. \$1.50.

**THE DOLLAR SHORTAGE.** By Charles P. Kindleberger. The Technology Press, Massachusetts Institute of Technology and John Wiley & Sons, Inc., New York. 1950. 276 pages. \$4.00.

**A RECONSTRUCTION OF ECONOMICS.** By Kenneth E. Boulding. John Wiley & Sons, Inc., New York, 1950. 311 pages. \$4.50.

**THE ENGINEERING METHOD.** By John Charles Lounsbury Fish. Stanford University Press, Stanford, Calif., 1950. 186 pages. \$3.00.

### PERSONNEL

**PSYCHOLOGY.** By Floyd C. Dockeray and G. Gorham Lane. Prentice-Hall, Inc., New York, 1950. Second edition. 564 pages. \$5.00.

**A GUIDE TO RETAIL EMPLOYEE COMMUNICA-**

**TIONS.** By William P. Shaughnessy. Research Bureau for Retail Training, University of Pittsburgh, Pittsburgh, Penna., 1950. 31 pages.

**TABLES OF WORKING LIFE: *Length of Working Life for Men.*** Bureau of Labor Statistics, U. S. Department of Labor, 1950. For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 74 pages. 40 cents.

### LABOR RELATIONS

**LABOUR-MANAGEMENT COOPERATION IN FRANCE.** International Labor Office, 1825 Jefferson Place, N. W., Washington 6, D. C. 1950. 237 pages. \$1.25.

**PROCEEDINGS OF THE CONFERENCE ON WAGES AND EMPLOYMENT.** Industrial Relations Center, University of Wisconsin, Milwaukee, Wis., 1950. 75 pages.

**WAGES AND HOURS IN THE HOTEL INDUSTRY IN NEW YORK STATE, 1950.** Division of Research and Statistics, State of New York Department of Labor, 80 Centre Street, New York 13, N. Y. 122 pages.

**THE WAGE AND WAGE DIFFERENTIAL STRUCTURE OF NEW YORK STATE.** By Sidney C. Sufrin, *et al.* Business and Economic Research Center, Syracuse University, Syracuse 10, N. Y., 1948. 65 pages.

**COST OF LIVING WAGE ADJUSTMENTS IN COLLECTIVE BARGAINING.** Bureau of Labor Statistics, U. S. Department of Labor, Washington 25, D. C. 1950. 20 pages.

### MARKETING AND SALES MANAGEMENT

**OUTLINES OF MARKETING.** By Hugh E. Agnew, *et al.* McGraw-Hill Book Company, Inc., New York, 1950. Third edition (revised). 432 pages. \$4.25.

**MARKETING: *Selected Case Problems.*** By George R. Terry. Prentice-Hall, Inc., New York, 1950. 250 pages. \$2.65.

**PRINCIPLES OF MARKET RESEARCH.** By A. H. R. Delens. Crosby Lockwood & Son, Ltd., 39 Thurloe Street, S.W. 7, London. 1950. 254 pages. 15/.

**INTRODUCTION TO SALES MANAGEMENT.** By Harry R. Tosdal. McGraw-Hill Book Company, New York, 1950. Third edition, revised. 632 pages. \$5.50.

#### **FINANCIAL MANAGEMENT**

**CASES AND PROBLEMS IN AUDITS AND EXAMINATIONS.** By Christian Oehler. American Book Company, 88 Lexington Avenue, New York 16, N. Y. 1950. 535 pages. \$5.50.

**CASE PROBLEMS IN AUDITING.** By Arnold W. Johnson. Rinehart & Company, Inc., New York, 1950. 259 pages. \$4.00.

**SPECIALIZED ACCOUNTING SYSTEMS: Including Construction and Installation.** By H. Heaton Bailly. John Wiley & Sons, Inc., New York, 1951. Second edition. 579 pages. \$6.00.

**FUNDAMENTALS OF ACCOUNTING.** By Harry H. Wade. John Wiley & Sons, Inc., New York, 1951. Third edition. 367 pages. \$4.75.

**FUNDAMENTALS OF GOVERNMENTAL ACCOUNTING.** By Lloyd Morey and Robert P. Hackett. John Wiley & Sons, Inc., New York, 1951. Second edition, revised. 518 pages. \$5.50.

### **Short-Term University Courses for Key Executives**

AT THE PRESENT TIME two universities in the United States and two in Canada have established full-time short-term management courses for business executives. These are given at *Harvard University*, with a 13-week course; *University of Pittsburgh*, with an eight-week course; *University of Toronto*, four weeks; and *University of Western Ontario*, five weeks.

In addition to these, the *Massachusetts Institute of Technology* annually awards Sloan Fellowships to about 14 young industrial executives of unusual capacities to cover 12 months of study at that university.

Other universities offer various types of management programs for high-level executives. The *University of Cincinnati* has a course which operates on a part-time basis. The participants work on their regular jobs in the morning and attend classes in the afternoon. The Wharton School of Finance and Commerce at the *University of Pennsylvania* offers a 10-day program of lectures and conferences for business executives.

Some of the short-term seminars and conferences for business leaders set up by other universities verge on the type of program offered at Harvard and Pittsburgh, but they may be very brief, or intended only for local groups. Among the universities offering short seminars for business executives is the *University of Wisconsin*, which has a series of eight one-day meetings covering discussions of major industrial problems. The *California Institute of Technology* has a series of five intensive, full-time summer courses on Management Principles, each lasting one week. *Rutgers University* sponsors a program in Advanced Human Relations for top executives.

Several other universities indicate they have management programs under consideration. *Columbia University* will offer a six- to eight-week management program for high-level executives next summer. They plan to run two sessions at some location outside the city, perhaps an hour's drive from New York. The cost will be approximately \$1,000 for each participant. Dean Young has indicated the course will be broader in scope than that at Harvard. *Rensselaer Polytechnic Institute* plans to develop a program in the near future which will cover all fields of management. *Carnegie Tech* and the *University of Minnesota* indicated they are considering the addition of management courses at some future date. *Northwestern University* will sponsor a four-week Executives' Program this summer designed for top-level management.

—Summary of a report of a limited survey by the Training and Personnel Section, Industrial Relations Department, U. S. Rubber Company.

# *ama's 20th National* **PACKAGING CONFERENCE AND EXPOSITION**

**April 17-20 • The Auditorium • Atlantic City, N. J.**

ONCE AGAIN, AMA presents the important event that everyone in the packaging field looks forward to—the National Packaging Conference and Exposition. This year, the Exposition will be bigger than ever before and the Conference will offer topics of immediate concern to all executives interested in packaging, packing, and shipping. Following are some of the subjects:

- ▶ A New Approach to Training Packaging Personnel
- ▶ Maximum Use of Packaging Equipment with Proper Maintenance
- ▶ Organizing for Packaging Material and Equipment Shortages
- ▶ New Packaging Materials—Characteristics and Use
- ▶ Reducing Product Damage Through Better Shipping Protection
- ▶ Significant Advances in Packaging Printing

There will also be these three significant half-day sessions:

## **THE PACKAGING MATERIALS PICTURE—PRESENT AND FUTURE**

Qualified authorities will provide the latest information on material prospects in seven major packaging supplies and discuss available substitutes.

## **MILITARY PACKAGING REQUIREMENTS AS THEY AFFECT YOU**

A session on the WHAT and the WHY of military packaging specifications and standards, by top packaging experts from the Army, Navy and Air Force.

## **NOW THREE COMPANIES ARE SOLVING THEIR PACKAGING PROBLEMS**

Representatives of these companies will discuss how packaging fits into their over-all operations. Their varied experiences will provide you with many new ideas to take home.

**THE CONFERENCE:** For 2½ days, you will get information from and can ask questions of experts in many different fields. Freshen your viewpoint and benefit from the thinking of others.

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**AMERICAN MANAGEMENT ASSOCIATION**  
**330 West 42nd Street      New York 18, N. Y.**



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